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Independent analysis of politics and government

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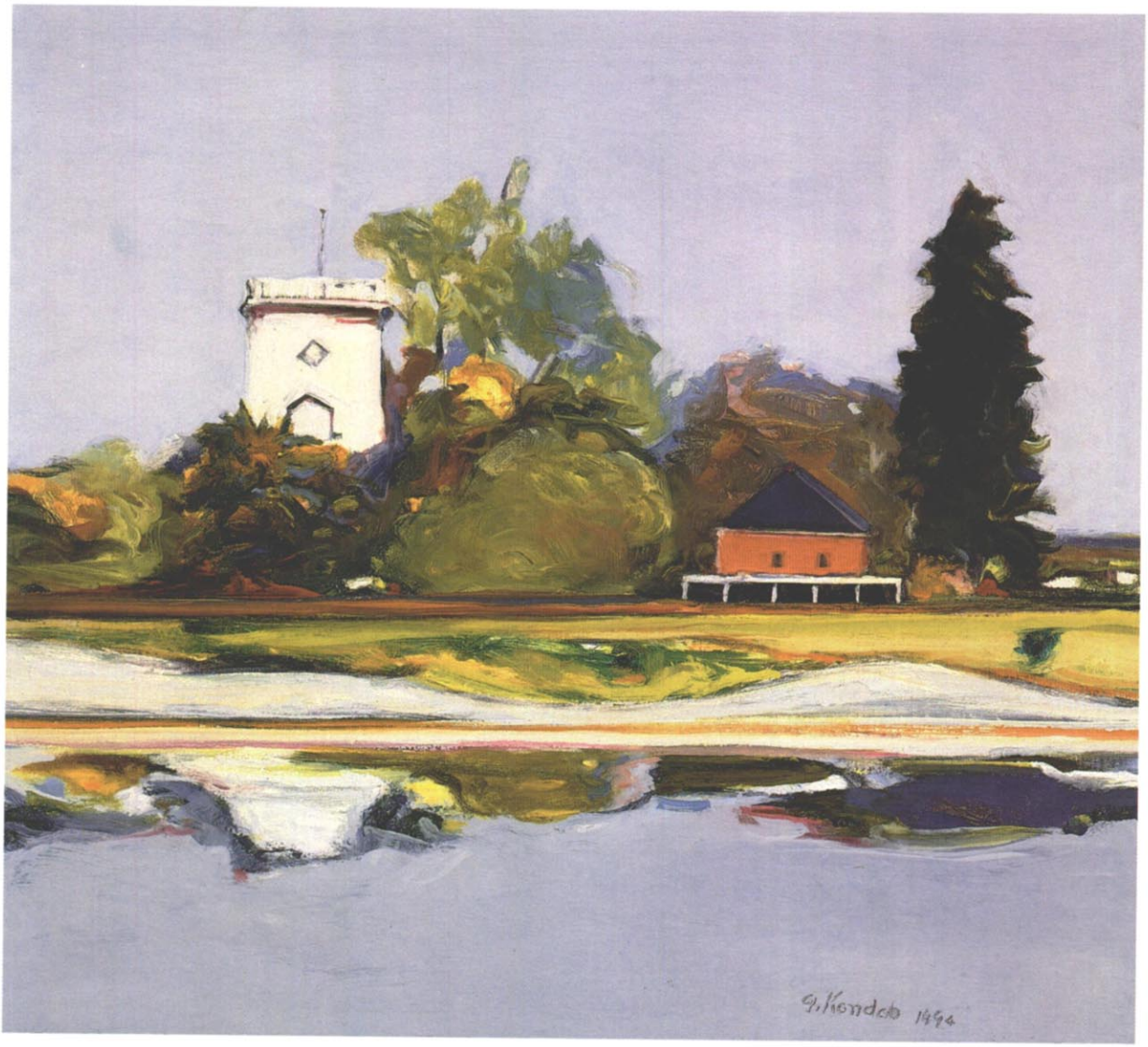

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President Pete?
Welfare reform
Health-care oversight

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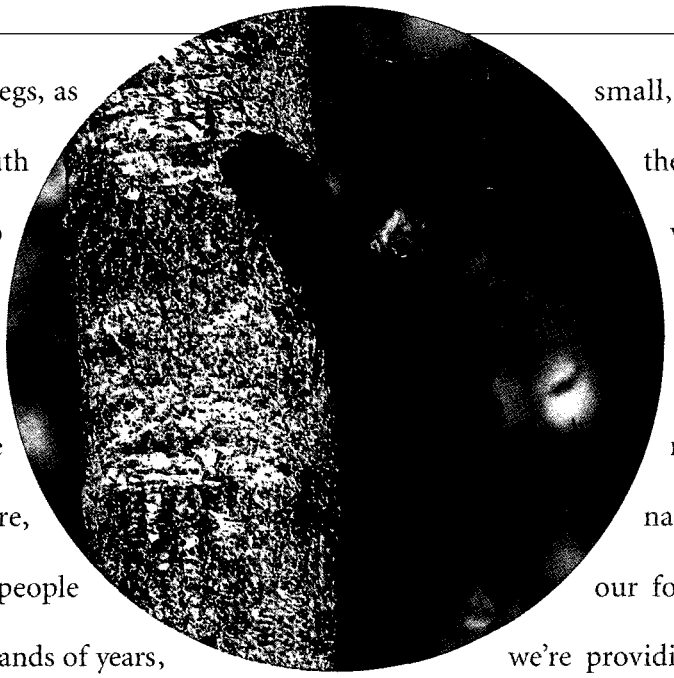

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MAY 1995
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California JOURNAL

Independent analysis of politics and government

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As an on-going feature of our 25th Anniversary year, the *Journal* will present issues of importance to California's future. This month, we focus on agriculture and water — intertwined elements of California's economy and resources.

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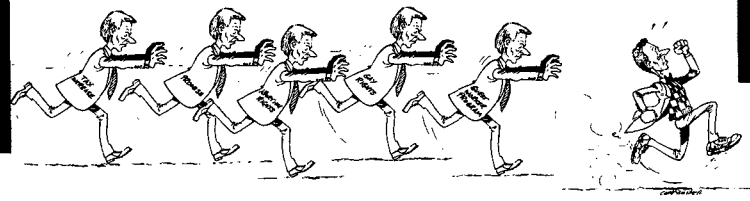

Cover: Water Tower (Sacramento River, 1994) by Gregory Kondos. Courtesy of the artist. Kondos was born in Lynn, Massachusetts, in 1923 and moved with his family to Sacramento five years later. Throughout his career, Kondos has been an instructor of art at Sacramento City college, retiring in 1982. Kondos' many exhibitions include: *Gregory Kondos: A Retrospective,* Crocker Art Museum and Fresno Metropolitan Museum (1993); *Gregory Kondos: Yosemite and Other California Landscapes,* Hearst Art Gallery, Saint Mary's College (1994); *Invitational Exhibition of Painting and Sculpture,* Award winner, American Academy of Arts and Letters, New York (1993). He has been honored with Lifetime Membership in The National Academy of Design, New York (1995). Kondos is represented by The John Berggruen Gallery, San Francisco.

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Up Front

UMBRAGE

Ambitions loosed. With a tough recall election staring him in the eye, Assemblyman Paul Horcher (I-Diamond Bar) has let loose with the centerpiece of an ambitious legislative agenda that seems certain to cement his fate with the electorate in AD 60. Yessiree. A few weeks ago, Horcher introduced AB 498, the "Freeway Congestion Relief Act of 1995." This significant and meaty slab of legislation is designed to do away with, uh, rubber-necking. Essentially, it allows the, er, CHP to write traffic citations for drivers who, um, slow down "simply to get a better view of a traffic accident," said Horcher in a March 6th press release. We're glad the assemblyman is weighed down with the significant issues of the day.

Stressed out. Former Board of Equalization member William Bennett (D-Sacramento) rarely attended meetings during his last years on the board, and in fact resigned his office in late 1992, midway through his final term. At the time, Bennett suffered severe heart problems that resulted in bypass surgery. He also suffered some legal problems — namely, nearly two dozen felony counts for falsifing expense claims. He eventually pleaded no contest to the charges, paid a fine and did community service. Now it seems that the effort to fight corruption charges caused Bennett to develop his bad heart, which led to his being unable to work. Poor fella was stressed out. At least that's the opinion of the State Workers' Compensation Appeals Board, which recently awarded Bennett $73,778 in permanent disability indemnity, in addition to the possibility that Bennett will get a lifetime disability pension. Bennett claimed that he became stressed when he was forced to fight charges that he had falsified expense claims — a stress that was integral to his official duties. So, the gist of this award is that an elected official may be so stressed out by a job that he or she *sought* and then abused, that he or she is entitled to a handsome payoff by the state.

Mr. Term Limits. Say, is it our imagination, or was Republican Phil Wyman a big supporter of term limits? Wyman, who served in the Assembly for 14 years before losing a bid for Congress in 1992, came back to the Legislature after a special election to the Senate in 1993. He lost a bid for re-election to the upper house in 1994 to Senator Jim Costa (D-Fresno). Now, Wyman wants to return to the Senate once again. He's announced that he'll run in 1996 for the SD 17 seat now held by Republican Don Rogers (R-Tehachapi), who is term limited in '96. Hey, Mr. Wyman, define "term limits."

Stupid pet trick. If you cover politics, you expect a tortured piece of logic to burp out into the political air every now and then. So it was last month when one of Pete Wilson's chief political advisers, George Gorton, tried to explain why the people of California would be better off having a special election for governor rather than elevate the lieutenant governor to the top spot should Wilson be elected president in 1996. Voters would rather have a say in the matter, Gorton told *The Sacramento Bee*, because few of the voters who cast ballots for Lieutenant Governor Gray Davis in 1994 knew much about him. Seems to us that voters did have a say in the matter when they elected Davis as light guv. That's the *point* of the race for lieutenant governor. In 1994 Davis garnered nearly 4.5 million votes — a tally that rivaled Wilson's own re-election total. Gorton was trying to explain why the Wilson camp is promoting a November 1996 initiative designed to bypass Davis and hold a special election should the governorship become vacant. If you boil all of the rhetoric and swamp water out of this proposal, it comes down to this: A governor who touts himself as a fiscal watchdog and who touts his ability to cut government spending, wants to be president soooooo baaaad that he is willing to have Californians pony up about $20 million for a special election for governor because the mandates of the state constitution are embarrassing and could hamper his ability to gain the Republican nomination for president. There, does that straighten out Mr. Gorton's logic for you?

Back in the saddle. Well, it's not exactly the high-profile, high-stakes, high-pressure world of network news, but former CBS News prexy Van Gordon Sauter has landed yet another job in television. On May 1st, Sauter, who most recently was a consultant to the Fox Network, took over as president and general manager of Sacramento's public-television station, KVIE. The move intrigued political junkies, not because Sauter is any kind of political maven, but because his spouse is none other than failed Democratic gubernatorial candidate Kathleen Brown. Would Brown, too, return to the state capital and perhaps lay the groundwork for a return to political life? Not likely, says a source close to the Sauter-Brown household. Brown still is in Los Angeles, where Sauter will commute on weekends. She is looking at opportunities in the private sector in Los Angeles and San Francisco, the source says. Meanwhile, Sauter makes his foray into public television just as the Republican Congress is gearing up to strip public broadcasting of any federal subsidies. After all, Big Bird really is just a buzzard gnawing at the federal trough.

"The human species seems to have a virtuoso capacity for making harsh distinctions between groups and for justifying violence on whatever scale the technology of the time permits."

— David Hamburg

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Two Cents Worth

COMMENTARY

Put Pete on "pause"

Say it ain't so, Pete.

Just when we were getting used to the idea that we were going to have you as governor for another few years (after all, you promised), the siren call of the Potomac is leading you away. And you say it's for our own good.

Well, Pete, I'm here to say: "Don't do it."

Okay, so the other guys running for the Republican nomination are a little lame. And the guy from the other party is looking a little vulnerable. That doesn't mean it's your name that's popped up on that big national lottery board.

Let's forget, shall we, that you promised to stay put and that personal ambition really isn't a very good reason for breaking that pledge. Let's ignore, shall we, that the Legislature is divided right down the middle and the state is desperately in need of some leadership to keep it from grinding to a halt. Let's just skip past the fact that, even if the economy is mildly better, the state is faced with seemingly intractable problems in education, health care, the economy and the environment which — believe it or not — have almost no relationship to affirmative-action laws at all. We can remember, though, that your grandest achievement as governor is that you can rebuild a fallen freeway faster than anybody. No small thing in this state. We sure don't want to give that up to the folks in the rest of the nation.

And let's choose not to notice a couple of somewhat dubious ethical considerations. First, let us not notice that you long have listed as your official home a San Diego condominium that you do not live in and do not own, and that you listed it as your address without even asking permission of the person who does live there. And second, perhaps we ought not to notice that the companies your secretary of agriculture was a partner in earned some $450,000 from the very industry that he purports to regulate; that he neglected to report the income; and that you have been painfully slow to respond to the situation.

And finally, let's ignore the fact that you seem willing to twist the California Constitution into something resembling a pretzel by giving your blessing to a proposed constitutional amendment that would bypass the lieutenant governor and call for a special election to succeed you should you move on to 1600 Pennsylvania Avenue. And let's turn a deaf ear to the twisted logic your campaign guru used to explain why it was in the voters' best interest to have them pony up $20 million to pay for that election, when, really, it is in the best interests of only one of California's 30-plus million residents.

Let's set all this aside and look at things in a language you can understand: Pete, if you run, you're going to lose.

Look at it logically. First, despite winning re-election big, nobody really likes you. You still trail Bill Clinton in popularity in this state, which ought to give you some idea of electoral mood. Furthermore, you may be even less popular in your own party. Remember all those folks in San Diego last month? Well, they vote in Republican primaries. Okay, you've won a few Republican primaries yourself, but each was against a field of bozos. Remember the last really tough Republican primary you faced? In was in 1978 when you ran for governor. You finished fourth. The winner that year was the dynamic Evelle Younger. Since then, you've managed to beat the likes of Barry Goldwater Jr. and Ron Unz. Okay, so the other Republicans on the national scene aren't so hot. But at least some of them — say Phil Gramm — actually inspire Republican activists.

Second, nobody east of Mt. Whitney knows who you are, with the exception of a stray national political reporter or two. And you can't trust them because they always need fresh meat to keep from being bored to death. Third, you carry around a lot of baggage that's going to hurt you in a Republican primary. Remember that tax increase? And weren't you the one going around bashing Ronald Reagan first time out?

Finally, if by some chance you manage to get past the nominating process, that old country boy from Arkansas is going to whip you. Don't look to the NCAA finals as an omen. For one thing, he's the best campaigner you've faced since Jerry Brown. And he is president of the United States. For another, when folks go to the polls to elect a president, they pick someone who can make them feel good about themselves and their country. For all his failings, and Lord knows he has many, Clinton can inspire.

Aside from freeway repair contractors, when was the last time you inspired anyone? It's true that you've developed a theme or two that resonates with many voters. You can pick on immigrants who can't vote. You can drum up fears about crime that are all out of proportion to reality. You can fan the flames in an economically damaged white middle class by subtle appeals to racism. You can divide the electorate with the best of them.

But all these themes play to the less attractive side of human nature. Is that what you want to do? Is that the kind of president you want to be?

Maybe the country needs to go through a period of division and ugliness. Maybe we need to regroup in that way before we can become something new. And maybe you're the guy who can appeal those base instincts better than anyone else.

But, Pete, say it ain't so.

— *Richard Zeiger*

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Wednesday

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9:15 To Capitol
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Run, Pete, Run

Governor officially "exploring" presidential run

by Steve Scott

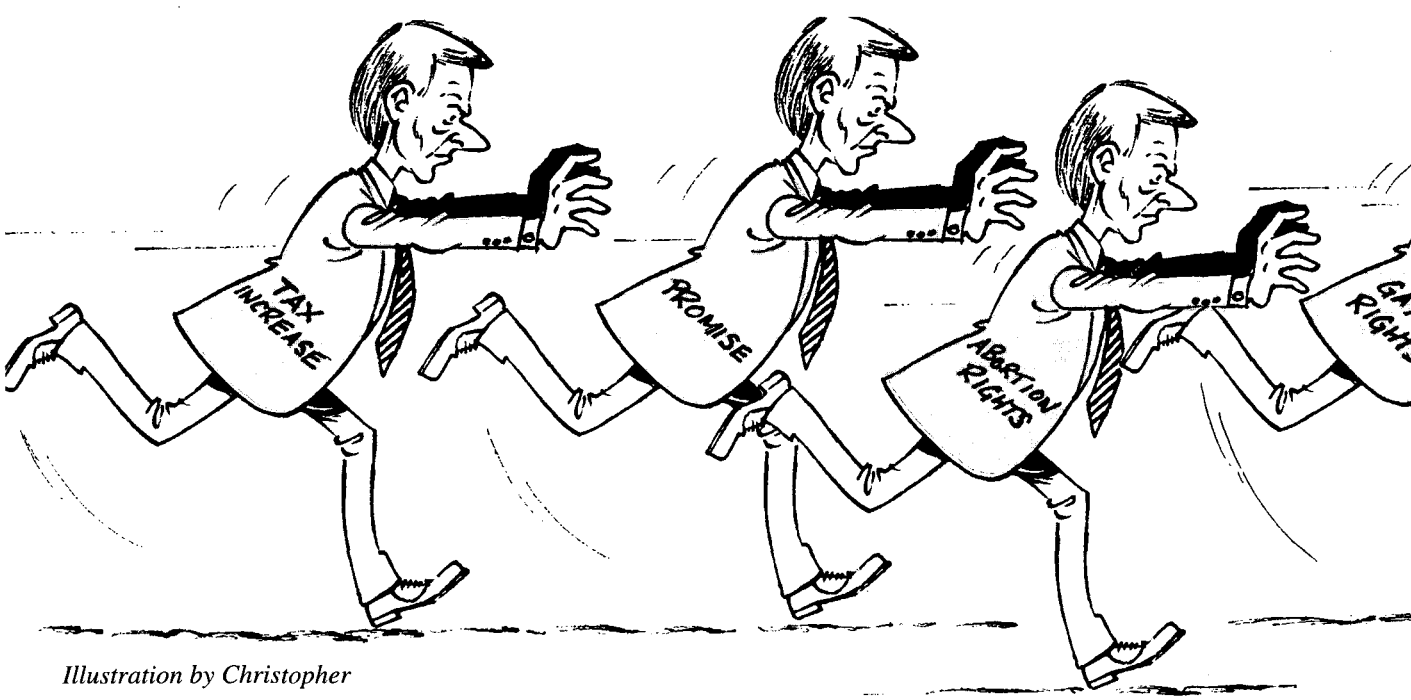

Illustration by Christopher

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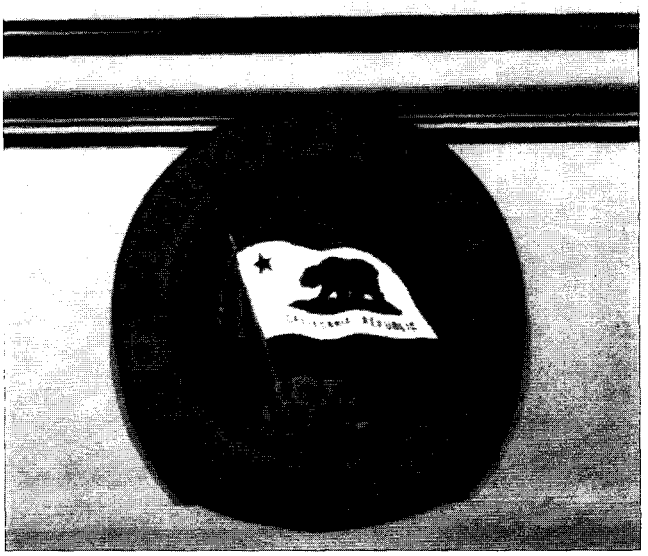


Photos by Rich Pedroncelli

Throughout his 29 years in elective office, Pete Wilson has presented many faces to the electorate: pragmatic concilliator and flinty obstructionist; environmental hawk and business apologist; advocate of an active public sector and crusader against "big government." In short, he's been a tough guy to pin down philosophically. There is one guiding principle, however, that California's ambitious governor has followed throughout his career; in fact, it borders on a mantra.

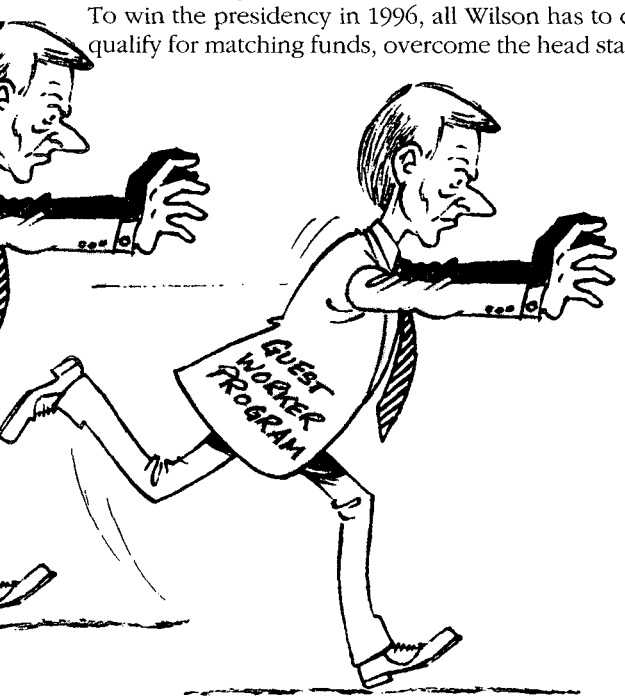
Never park in one spot too long, and always leave some time on the meter.

In 1971 Wilson left a year on his third Assembly term when he won election as mayor of San Diego. Three years into his third term as mayor, Wilson left for the U.S. Senate. He was only a few months into his second Senate term when he announced for governor, and left four years on that second term when he won the 1990 gubernatorial race. And now, with Republican majorities in both houses of Congress, and a sweet re-election victory behind him, Pete Wilson is once again giving orders for a course change. Breaking last year's oft-repeated promise to serve out his second term as governor, Wilson told a group of supporters late last month that he plans to run for president.

"Some things are right, some are plainly wrong," Wilson told the gathering, offering up the central theme which will be repeated *ad nauseum* for the next year and a half.

Wilson didn't formally announce his candidacy — so far, all he's done is to set up the obligatory "exploratory committee." In truth, however, Wilson is in the race. Staff is being brought on board, fund raisers are being scheduled, and a strategy is being plotted. Wilson himself conceded that he did not form the committee "to explore reasons not to run," and, in fact, a formal announcement is expected sometime this month. He will join a field that includes U.S. Senators Robert Dole of Kansas, Phil Gramm of Texas, Arlen Specter of Pennsylvania and Richard Lugar of Indiana, as well as former Tennessee Governor Lamar Alexander, Congressman Bob Dornan of California, television commentator Patrick Buchanan, and radio talk-show host Alan Keyes.

In making the decision, Wilson and his advisors exude a confidence bordering on bravado, and who can blame them? To win the presidency in 1996, all Wilson has to do is jumpstart a national campaign organization, raise a $20 million stake, qualify for matching funds, overcome the head starts enjoyed by virtually all his prospective GOP foes, win primaries in states



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where nobody ever heard of him, control a national convention, learn to debate, and beat an incumbent president who, while damaged politically, is as skillful a campaigner as ever kissed a baby. Oh yes, he also has to run a budget-challenged, racially-querulous, disaster-magnet of a state at the same time.

"Done the wrong way," understates veteran Democratic campaign consultant Darry Sragow, "the Wilson campaign could be a terrible disaster."

Just how big a disaster it could be was hinted at in Wilson's first East Coast swing as a semi-official presidential wanna-be. Like an arrogant rookie frozen by his first look at a big league curve, Wilson struggled to answer a barrage of questions about his past: tax increases, abortion, his support for Gerald Ford over Ronald Reagan in 1976, and especially, his broken promise not to run for president. His post-announcement appearance on ABC's "This Week with David Brinkley" was a halting embarassment, and he was even pinned down on "the promise" by the genial Charlie Gibson of ABC's "Good Morning America." While Wilson was wriggling back East, conservative Republicans gathered in his hometown of San Diego were using words like "betrayal" to describe his campaign.

Most other politicians might be having second thoughts after such a shaky start, but for Wilson it's practically a good omen. No politician in the race, with the exception of Bill Clinton, has been more consistently underestimated than Pete Wilson. In truth, there are several practical reasons why a Wilson campaign makes sense — for Wilson, for California, and for the Republican Party.

- *The timing's right.* Wilson has never ridden higher than now: He won re-election going away and his approval rating is up. He also boasts a resume that includes experience at all levels of government. In short, he's the insider's "outsider." "He works hard, he's got some vision, and he's got a track record," says GOP political consultant Eileen Padberg. At 61, Wilson's opportunities are dwindling, and an opportunity like this won't knock again.
- *Good issues on which to run.* As he did with immigration in 1994, Wilson has surged ahead of the curve on affirmative action this year (see *CJ*, March 1995). He has made oppressive federal mandates into an intergovernmental Boston Tea Party. As Californians have become aware, nobody milks an issue like Pete Wilson.
- *The opposition.* Wilson himself cites the quality of the opposition as a primary reason for running. With the Dan Quayles, Jack Kemps, and Bill Bennetts out of the race, Wilson's backers say he benefits by comparison with other Republicans in the race. "There is a sense with the current crop that there's a candidate missing," says veteran GOP consultant Sal Russo. Wilson is also considered a favorite among his fellow GOP governors; he's already gotten help from governors Bill Weld of Massachusetts and Christine

THE GRAY MATTER

Why is the GOP so scared of a Governor Davis?

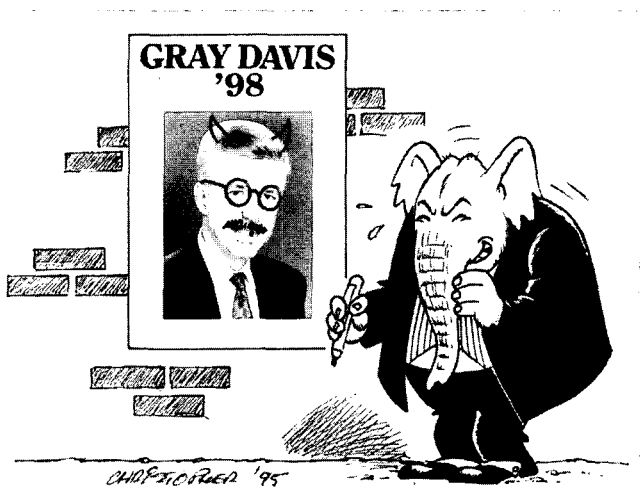
by Steve Scott

Pop Quiz: When did Pete Wilson actually begin serving his second term as governor of California?

a) January 2nd
b) January 7th
c) Valentine's Day

Officially, the answer is "a," but if the standard of measurement is time served, then the answer is "c." Between January 2nd and February 13th, Wilson had spent less time in California than he had outside of the state. As a result, Lieutenant Governor Gray Davis had, until Valentine's Day, spent more time in the official role of governor than had Wilson. While Wilson did stick around to deliver his state-of-the-state and budget messages, Davis was acting governor during much of the aftermath of last January's heavy flooding. It was Davis, as governor, who accompanied President Bill Clinton on his visits to the flood sites.

In California, there is no shortage of Republicans who find this fact unsettling. Next to Assembly Speaker Willie



Brown Jr. (D-San Francisco), it's hard to think of a person who touches more Republican hot buttons than the state's newly-minted lieutenant governor. He was Jerry Brown's chief-of-staff. He supported controversial former state Su-

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Whitman of New Jersey.

• *He's got a good campaign team.* Veteran Wilson hands, among them spokesman Dan Schnur, campaign consultant George Gorton and pollster Dick Dresner, are already hard at work on the presidential race, and national GOP fund raiser Margaret Alexander has been added to help dial for dollars. The team is smart, effective and knows its candidate well.

• *He's an effective, disciplined candidate.* Wilson's raised millions of dollars with and without campaign contribution limits, and is considered a cinch to raise the money needed to run. He is also very smart, with a knack for "seeing around the corner" to spot issues that will resonate in an election, along with a bulldog tenacity. "He has an iron butt," says GOP strategist Steve Merksamer. "The 'iron butt' generally wins the race." He is also

Wilson and Chief of Staff Bob White

preme Court Chief Justice Rose Bird; in fact, Bird conducted Davis' wedding ceremony. As state controller, he meddled with Wilson's efforts to short-circuit Proposition 98 school-funding guarantees. And now, standing only a weak president away from the governor's office, Davis is one of the chief reasons why Republicans in this state are not leaping to join the Wilson White House bandwagon.

"Of all the issues he has to face in deciding to run, the hardest one to answer is the 'Gray Davis' question," said Senate Minority Leader Ken Maddy (R-Fresno).

Looking at the face Davis has presented to voters in his political campaigns, it's hard to imagine a less-likely candidate for the role of devil incarnate. True, he did work for Jerry Brown, but since his first election to the Assembly in 1980, Davis has been steadily drifting toward the center. He stole the missing-children issue from anti-crime Republicans so completely that politically-aware Californians couldn't buy milk without thinking of him. As controller, he won grudging respect, even from conservative newspapers, for calling attention to the gimmickry used to balance the state budget in the late '80s and '90s. Lately, he's been sounding so much like a Republican that he's been chided by Speaker Brown. Republicans who back a Wilson run believe Davis is not worth the worry.

"The significance of having a president from your home state outweighs any damage Gray Davis can do with an evenly-divided Legislature," maintains GOP consultant Sal Russo. "The reward is worth the price."

You'd have had a hard time selling that line to the GOP faithful. Conservatives are using words like "betrayal" to describe Wilson's decision to run, and would-be successors like Attorney General Dan Lungren cite Davis as the main reason they urged Wilson to pass on a presidential bid. "We finally get to the point where we can control one house [of the Legislature] and maybe, by 1998, both houses," says Republican consultant Allen Hoffenblum. "To be saddled with a Democratic governor would be a tremendous disappointment."

Desperate to keep their candidate in the good graces of party conservatives, Wilson forces have concocted an answer to the Davis dilemma. Three former state GOP chairs have proposed an initiative for November of 1996 which would require an immediate special election to fill any vacancy created in the governor's office. Davis denounced Wilson for "using the state constitution as his own political plaything." Statewide polls show most voters suspicious, and even Wilson supporters like veteran GOP consultant Eileen Padberg see the proposal as "an insider's game."

"If the voters have two years of Gray Davis, and they don't like him, they'll throw him out," says Padberg.

Of course, nobody is enjoying this Republican hand wringing more than Davis himself. Wilson's presidential ambitions have elevated Davis' visibility far beyond that which would normally be accorded a lieutenant governor in California. The relentlessly self-promoting Davis will be only too happy to make some news whenever Wilson leaves the state, as he did by suggesting that Wilson turn back his salary for the time he spends running for president. Moreover, by looking for ways to cut Davis out, Wilson risks making him a martyr to the governor's private agenda, a stinging irony to Republicans familiar with Davis' own reputation as an ambitious political climber.

Of course, some Republicans expect Wilson will ultimately "do the right thing" for California Republicans, either by dropping out of the presidential sweepstakes, or by losing. Still, if you see a thin, somewhat lanky man with a light-tinted pompadour sticking a check into an envelope marked "Wilson for President," don't ask questions.

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Wilson with Dan Lungren, Bill Jones and Charles Quackenbush (left to right)

about the best there is at sticking to his central themes — what the political pros call "staying on message."

• *He could match up well against President Clinton.* It's hard to find anyone — Democrat or Republican — who believes Bill Clinton can win re-election without winning California's 54 electoral votes. Although Wilson is anything but wildly popular in his home state, a pro-choice Californian on the GOP ticket makes Clinton's objective of winning California a whole lot tougher.

For every compelling reason why a Wilson candidacy makes sense, there is at least one compelling reason why such a candidacy could wind up, in Sragow's words, "a disaster."

• *"The Promise."* Time and again in 1994, Wilson repeatedly said he would not run for president, a pledge he now concedes he "regrets." While breaking a similar promise didn't hurt Bill Clinton in 1992, Arkansas isn't California. Wilson gives up some important moral high ground if the very act of announcing for the presidency means breaking a promise to about eight million California voters.

• *His record.* In his time, Wilson has raised taxes, engaged in deficit spending, waffled on gay rights, and changed positions on the environment and affirmative action. He is an outspoken proponent of abortion rights in a party with an anti-abortion plank in its platform, and he committed the sacriledge of backing Ford over Reagan in the 1976 campaign — even if Ford *was* the incumbent president. Although he has striven mightily to re-cast himself as a conservative hardliner, Republican elephants never forget, and Democrats have already given him a nickname: "Flip Wilson."

• *He lacks a natural base in his own party.* In the 1994 gubernatorial primary, a conservative unknown named Ron Unz walked away with about a third of the vote, and when Phil Gramm crashed the state GOP convention last month, the party faithful were only too happy to help him rain on Wilson's victory parade. Republican poobahs like Attorney General Dan Lungren and former Congressman Michael Huffington worry about leaving the state in the hands of the Democratic lieutenant governor, Gray Davis (see page 10). His most loyal supporters have been in the business community, but even they are divided on this latest venture.

• *He lacks charisma.* The governor is thin-skinned, leaden on the stump and wonkish one-on-one. He was embarrassed in both of the 1994 "debates" in which he participated. His voice has a tendency to crack like that of an adolescent, which can give the impression of nervousness. These deficiencies will be magnified in the early "retail" states such as New Hampshire and Iowa, where Dole, Gramm and Buchanan have already worn down several pairs of shoes. Wilson insiders believe they can win with the same media-intensive strategy they have used in California, but New Hampshire residents have come to view personal contact with candidates as a birthright.

• *Trouble on the home front.* Both Assembly Speaker Willie Brown Jr. (D-San Francisco) and Senate President pro Tempore Bill Lockyer (D-Hayward) are already screwing in the timing devices on budget explosives being laid out for the governor. Those who remember 1992's 64-day budget stalemate will also remember that it was Wilson who was the biggest loser in the state that year. Beyond the budget, there are Wilson's tax-cut, tort-reform, and welfare-reform proposals, all of which will require extensive personal lobbying. His credibility as a can-do candidate could be determined, in part, by how well he fulfills those promises with a Democratic Senate and an Assembly with leadership still in flux. "We have a legislative agenda that he's set forth that we'll be hard pressed to pass if he's not here," laments Senate GOP Leader Ken Maddy (R-Fresno).

Pete and Gayle enjoy the inaugural

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• *He could be vulnerable in California.* Essential to any Wilson strategy is winning California's winner-take-all primary, to be held six weeks after New Hampshire. Since the state's GOP primary voters tend to give their votes to the prospective winners, early success is critical. "He's going to have to win, or do very well, in New Hampshire or New York," says Russo. Even if Wilson is still in the hunt by the March 26th primary, his fate depends on who else is in the race. If Gramm is the lone conservative in a race involving Wilson and Dole, 35 percent to 40 percent of the vote could win it. With Wilson's approval ratings as governor still lower than those of President Clinton in California, there's no guarantee he'd wind up on top.

All this prognosticating, of course, comes some 10 months before the New Hampshire primary — an eternity, politically speaking. For the moment, Wilson's challenges center around manpower and money. To "max out" on federal matching funds in the primary, Wilson must raise $20 million, in $1000 chunks, and he must demonstrate fundraising strength in at least 20 states. Sragow says candidates routinely underestimate the difficulty of this feat. "They start out thinking they'll get it out of the way early. Three months later, they're tearing their hair out." Wilson must also have a presence "on the ground" in the key primary states, an immense challenge for someone who has never run a national campaign. Wilson insiders insist their message will help them circumvent more traditional party structures. "[Issues] help you build an organization," says Schnur.

If money and manpower prove to be no problem, Wilson then gets to the question of how he matches up against his opponents. Wilson has shown he can whip up on relatively weak primary competition in California, as he did in his 1982 Senate race. The last time Wilson ran in a primary against truly competitive opposition was in the 1978 governor's race. He got killed. This year, two of his competitors — Dole and Buchanan — have already tasted the blood of a heated presidential primary, and nearly all were trudging through New Hampshire while Wilson was still dithering. So far, national polls place him in the second tier of candidates, and every public poll to date shows Wilson even trailing Dole in California. Wilson is undeterred. "I change polls," he says, confidently.

Bravado aside, it all seems an incredibly daunting proposition for a man who just finished an 18-month, $30 million re-election marathon. If there's one thing Pete Wilson does well, however, it is seize opportunity. He seized upon the weakness of a faltering incumbent U.S. Senator S.I. Hayakawa in 1982. He seized upon the paucity of choices to succeed retiring Governor George Deukmejian in 1990. And now Pete Wilson hopes to seize upon a weak field and a weak incumbent to win the ultimate prize — the presidency.

"Winning the presidency is the equivalent of climbing Mt. Everest," says Sragow. "The odds that you're going to get all the way to the top and all the way down are small, but going into it, Wilson starts off in a very good position in terms of organization and process."

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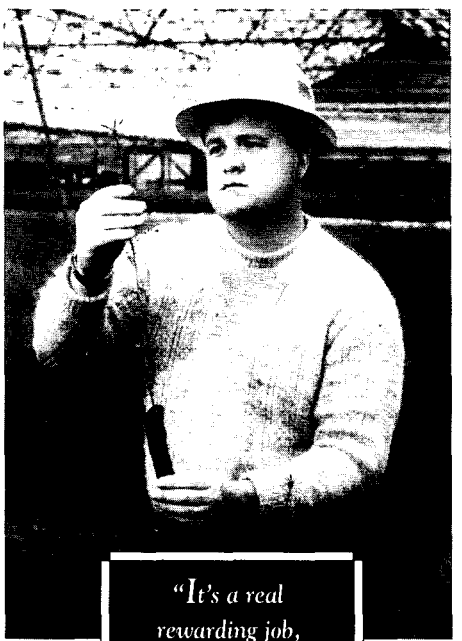

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Farmers vs. cities

1970 25 1995 Public Service Journalism

As California heads into the 21st Century, the tug of war over scarce water resources will intensify — a battle that farmers cannot win

By Marc Reisner

Along State Route 120, the northern highway into Yosemite, there used to be a sign outside the town of Oakdale that read, "Caution: road subject to flooding." I first saw it in August of 1977, the driest month in what tuned out to be the driest year in California history. And the sign wasn't kidding: The highway, though not exactly flooded, was certainly wet.

As one of that day's crop of new California migrants — I had said goodbye to New York's Hudson Valley a couple of weeks earlier — I was thoroughly baffled by the sign, not to mention the water steaming off the skillet-hot asphalt. The landscape I had just driven through was, for my eastern sensibilities, excruciatingly dry; the Sierra forests were wizened by drought, the dun foothills looked scorched. But here in the San Joaquin Valley, whose average rainfall makes Israel seem wet, water flowed everywhere. And it flowed. The highway, I finally realized, had been flooded by the overwash from orchards on either side, where walnut trees stood in shallow lakes.

California's agricultural industry can thank the Oakdale Irrigation District for inspiring me to write "Cadillac Desert" — the book it loves so much. But if their world seems to have begun to implode, the state's farmers — some of them, anyway — might best blame themselves. When Marin County, having curtailed its water use by 60 percent in 1977, was still forced to run an emergency pipeline over the Richmond/San Rafael Bridge, Oakdale's orchard growers kept irrigating by diurnal flood. That Marin had no means of tapping Oakdale's surplus was, from the growers' perspective, the supremely significant fact — not the spectacle of normally wet Marin reverting to desert while large sections of the arid San Joaquin were under water. The farmers' epitaph could thus be written: They Lacked A Sense of Irony.

Recently, the new federal commissioner of reclamation, Dan Beard, tried to explain why his agency's new mandate is largely to referee the transfer of Western water from agricultural to urban use. "When desert cities like Phoenix and Las Vegas and Los Angeles are about to run out of water," Beard said, "they *aren't going to* run

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Marc Reisner is the author of "Cadillac Desert," a critically acclaimed book on water in the American West.

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Coit Tower mural by Maxine Albro, Journal *cover 8/87*

out of water. It just won't happen. If agricultural folks say, 'Well, sorry, but we still need all this water to keep raising hay and alfalfa,' well, *that's* just not going to happen. As some sage once said, water does flow uphill toward power and money."

It isn't as if California's $20 billion agricultural industry lacks power and money. It's just that, compared to everyone else, agriculture's had diminished, while relatively speaking its share of the state's water has grown. California has twice as many people as in 1960, when agriculture consumed about 85 percent of the developed water supply; today it still uses 80 percent.

Because big new dams have not been built lately and — except for the odd offstream reservoir — may never be built again, scarcity is finally here. Scarcity creates jealousy, and that 80 percent figure, once a harmless statistic, is now, in the minds of many Californians, a festering injustice. And their grievances go beyond skewed allocation. Why should farmers get taxpayer-subsidized water for $15 per acre-foot when San Diego homeowners may pay a hundred times more for the same amount? One reason is that San Diegans' water is routed through an exquisitely complex and expensive system of aqueducts and pipes, while farm water is simply delivered to canal headgates; but even discounting for that, the disparity in cost is staggering.

Why should commercial salmon fishermen, who represent California's oldest and most threatened industry, face bankruptcy because dams and diversions of water — mainly to agriculture — have reduced a million spring- and winter-run chinook to about 5000 spawners as of last year? Why should urban Californians subsidize the cost of farm water and hydroelectricity, and the cost of flood-control levees, and the cost of flood-related crop damage, and the cost of rural roads they rarely drive, and the disappearance of fish and wildlife, and the social burden of migrant farm workers, and the cleanup of rivers and wells contaminated by selenium and pesticides and salts — and then pay absentee corporations not to raise crops?

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On bad days, that is how agriculture looks — some of it, anyway. On good days, the state's farms are a vibrant sector of the economy, a source of gastronomical abundance and variety, and relief from the sanitary horror of urban sprawl. In some places — notably the rice-growing region of the Sacramento Valley — farmland even doubles as good wildlife habitat, especially for waterfowl whose natural habitat has all but disappeared.

Neither perspective is really wrong. And how California's farmers fare in the years ahead will depend, in large measure, on whether their urban brethren are having a good or a bad day.

That urban Californians take a jaundiced view of agriculture is beyond doubt. They didn't always. If anything, Californians used to deify their most prominent rural industry and all the dams and aqueducts that made it thrive. No less a current critic than the *San Francisco Chronicle* was in years past a cheerleader for the Central Valley Project, whose construction led to the subsidies and water diversions and farm-the-government scams it complains about today.

Lately, however, editorial writers at most urban newspapers, not just those in Northern California, have taken swipes at agriculture — especially its unquenchable thirst and seeming indifference, at times, to the ecological harm it has caused. Even *The Modesto Bee*, one of the farm lobby's more loyal friends, was haughtily contemptuous of little Turlock Irrigation District's madcap scheme to build an $800 million dam on the Clavey River, a tributary of the Tuolumne.

By and large, the farm lobby badly misjudged the implications of California's metamorphosis into an overwhelmingly urban state. Statistically, we are now the most urban state in America; in New York, a much greater percentage of the population lives in small towns and villages. In outsize farm towns like Lodi and Tracy, many people — and most of the newcomers — commute to distant urban jobs. Farmland is something you drive through on your way to work.

Californians' emotional distance from farming has been subversive enough. But environmentalism, the farmers' favorite nemesis, is also an urban phenomenon; it has been since the days when the Republican Party was the party of conservation as well as conservatism and its favorite conservationist, Teddy Roosevelt, was police commissioner of New York City, his place of birth. In New York state, farmers and environmentalists don't often view each other as enemies. But in California, where chronic summer drought makes irrigation necessary, agriculture competes mightily with fisheries, wildlife, wetlands and

Carving up the Wine Country

Century-old deeds allow some developers to circumvent current law

By John Speck

An army of dusty ghosts may be rising to haunt the modern land-use planners and agricultural preservationists of Napa County. The troublesome spirits creep out of rusty attic trunks in the form of long-forgotten property deeds. They glide from the yellowed pages of ancient survey maps. They all chant the same refrain: "Divide this land as it was."

With a quickening pace, survey stakes are sectioning off some of Napa County's 34,074-acre agricultural preserve into "buildable" lots. Many of the surveys follow century-old, long-forgotten divisions. Developers disagree, but preservationists fear these "resurrected" lots may play havoc with efforts to protect what James Conaway, in his 1990 book "Napa," called the "Yosemite Valley of agriculture."

Here's how it works: Say a 400-acre vineyard, deemed one parcel in 1995, was recorded as 10 individual lots way back in 1860. If so, a 1986 California law lets the owner demand a Certificate of Compliance (COC) from the county to recognize the 10 antiquated lots. A lot line adjustment can then produce nine smaller, salable parcels. If it meets minimum requirements, each lot is generally assured a family dwelling building permit. Under COC law, state-mandated administrative acts authorize these nine housing

John Speck is a freelance writer from St. Helena.

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estuaries — those features of a semi-desert landscape that environmentalists love most.

The day was sure to arrive when all of this regional, cultural, and economic tension between cities and farms would boil out of the pot. That day was probably June 8, 1982, when the Peripheral Canal (Proposition 9) was clobbered at the polls. A much smaller canal would have taken care of urban Southern California's needs, but the San Joaquin Valley wanted an immense one, the better to divert future flows from the rivers of the North Coast. Southern California never spoke of the "need" to dam the North Coast rivers, but the San Joaquin farm lobby did, and that was a huge reason why Northern Californians voted nine-to-one against the plan.

Since that fateful election, the water lobby has continued to pump sand. The valley and the southland, once married through convenience and ambition, have all but divorced. At the same time, the Sacramento Valley, especially its rice industry, has been carrying on an affair with the environmental community, some of whose members — and I am one — are impressed by that industry's conservation record and by the value of ricelands as waterfowl habitat. The San Joaquin Valley, on the other hand, has reacted to this romance as any jilted spouse would. Even in the San Joaquin, "good guy" family farmers raising modestly thirsty, high-value crops such as grapes on small east-side acreage resent lugging the baggage of west-side corporate farms, whose abuses of land, water, and reclamation law have truly poisoned urban attitudes toward farming.

After divorce come settlement and alimony terms, and those were presented in 1992, in the form of the Central Valley Project Improvement Act. Although the mullahs of the agricultural empire portrayed the act as Armageddon, and its co-sponsor, Congressman George Miller (D-Martinez), as the Great Satan, their howls and pleas did not move then-President George Bush, who signed the law prior to a tough re-election fight. The president was more visibly swayed by letters and calls from corporate CEOs, many of them Republicans such as Transamerica's Jim Harvey and Charles Schwab, urging him to sign.

The 1992 act reallocates about a tenth of the project's 8,000,000 acre-foot average yield to wildlife and fisheries; it also tithes CVP customers for a Restoration Fund to recreate habitat. Contract terms are shortened, but subsidies — probably reduced — remain even though farmers had, as of 1987, repaid only $180 million of the billion investment in irrigation facilities alone.

lots. The county planning commission and the board of supervisors have no discretion; they are not consulted. Jeffrey Redding, Napa County planning director, says COCs have "taken public participation out of a big chunk of the land-development process."

In addition, the nine lots need not comply with the county's 40-acre minimum parcel-size ordinance because the original lots predate the ordinance. COC lots also escape the California Environmental Quality Act and any potentially troubling environmental impact reports. The lots also circumvent Measure J, passed by 63 percent of the Napa County electorate in 1990. This initiative requires ballot approval of any agricultural preserve zoning change. Developers fought Measure J to the California Supreme Court, and lost.

Yet developers win with COCs. The lots remain technically zoned for agriculture, so Measure J doesn't apply. But most of the parcels are too small for viable farming. Besides, as local grape grower Frank Burrow put it, "I'll guarantee you the people who buy and build there won't be agricultural people."

Burrow watched developers pave an access road through a neighboring vineyard and divide the land into COC lots. He believes wealthy city dwellers will build "vacation" homes next to his vineyard operation. "The first thing they'll do is complain about the spraying, the noise, the wind machines and the dust," Burrow predicted.

Redding reports that 63 COC parcels have been recognized in the agricultural preserve since 1989. He also says the 13 COC applications in the first three months of 1995 equals the total number issued in all of 1994. His office can't afford to research all antiquated parcels — private surveyors charge $10,000 to $15,000 per COC — but Redding believes COCs have the potential for a "very adverse affect on the ag preserve."

Peter Riechers, president of a Napa surveying firm active in COC work, disagrees with Redding. "The scope of COCs," said Riechers, "certainly is not anything which would overrun the ag preserve."

Regarding the lack of public review for COCs, Riechers believes the public need not be involved because "new" lots aren't being created. "Is the public process going to say we should take away the right to the parcel that was created 50 years ago? I hope not," said Riechers.

Perhaps only time will show the true impact of COCs. Many land owners plan no immediate development; but they are using COCs to record old lots that can be sold or passed to heirs. And the new owners may want "a home in the wine country."

Regardless of COC consequences, counties remain essentially handcuffed by the state. Agricultural preservationists look to Sacramento for legislative relief. But Volker Eisele, past president of the Napa County Farm Bureau, believes meaningful COC law reform unlikely. "The better the legislation, the higher the probability that it will fail," said Eisele. He blames powerful development interests for opposing any change in the lucrative COC business.

Grower Burrow knows the power of development interests. He moved from San Jose more than 30 years ago. Now he worries the Napa Valley may follow his home town farming valley where, as he put it, "Some of the most fertile land in California is buried under concrete."

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The most interesting language in the improvement act permits transfers of project water anywhere in the state, as long as willing buyers find willing sellers and no more than 20 percent of a district's entitlement is sold. In the past, such transfers were, in effect, illegal. Arguing fiercely against that provision, the farm lobby — with some notable exceptions — abandoned its *ideological rugged-individualism* and embraced socialism: We want more subsidized water, and we don't want to be allowed to sell it.

The lobby's underlying fear, though not its argument, is worthy of sympathy. Sprawl has inexorably eaten up farmland (see story, page 16) — some of it fabulously good land, like the Silicon Valley — and water transfers to cities can only encourage more sprawl. On the other hand, to paraphrase Commissioner Dan Beard, sprawl will find water one way or another; if it can't buy surplus farm water, it will build dams or tow icebergs.

The water-transfer provision — which was inserted by Beard, who was formerly George Miller's committee chief of staff — actually protects agriculture by capping the amount any district can sell. Since all CVP irrigation water is extravagantly subsidized, much of it is inefficiently used. The fancy prices cities are likely to pay can, in theory, finance conservation improvements that will keep land retirement minimal. Farmers selling land to developers — something the farm lobby rarely opposes — are likely a greater threat to agriculture than water sales.

Like the agricultural industry itself, the improvement act faces an uncertain fate. Some of the extreme provisions in the so-called Contract With America would all but annul its environmental laws, like the Endangered Species and Clean Air acts. A move also is afoot to privatize the Central Valley Project, if anyone can be found to buy what amounts to a gigantic bloc of debt. The betting odds, however, are that the law will survive as well as agriculture. The new general manager of the Metropolitan Water District, John Woodraska, has managed, like earlier perceptive foreigners — he is from Florida — to put California's water dilemma in magnificently simple perspective. "In wet years," he says, "California has almost too much water. In normal years, there's usually enough for cities and farms, with a decent share for nature. It's mainly in the drought years when there isn't enough.

"If the farmers can get by with 75 percent of the state's water during droughts, instead of 80 percent, then we've basically solved our water crisis."

For another generation, at least, he is probably correct — in theory. The problem is that reality tends to murder theory.

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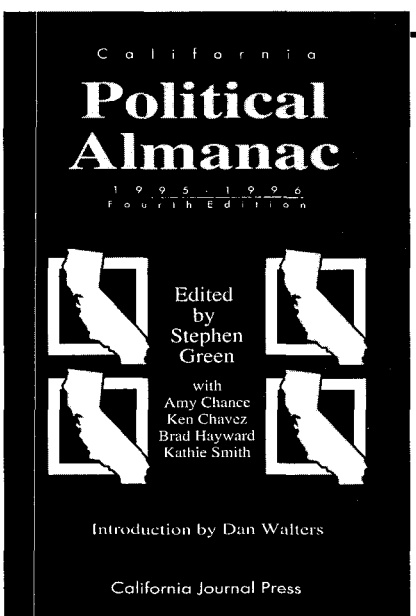

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California's water future

Beyond the Aqueduct Empire

Illustration by Debra Hardesty, Journal cover, 3/88

By Harrison C. Dunning

In 1968 Erwin Cooper's *Aqueduct Empire*, a comprehensive guide to water in California, was published. The introduction to that volume conveyed a sense of urgency about California's water problems, for example in noting that water could no longer "be accepted casually as one of Nature's free and all-but-boundless gifts, a partner to air and sunshine, plenty to drink and pour, plenty left over to help flush away the debris of our daily living." Increases in household use, the enormous quantities devoted to irrigated agriculture and food processing, and the large amounts of water diverted for industrial use were described, all in the context of rapid population growth. Cooper perceived the essentials

Harrison C. Dunning is a professor of law at the University of California, Davis. He specializes in water and environmental law.

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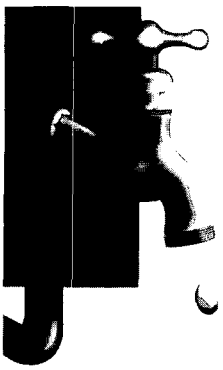

of California's waste challenge to be the following: "More people, using more water, imperiling its purity by their very use of it, and all in a land where water is precious to begin with."

When Cooper wrote, California with a population of 20 million had responded to its water supply challenge principally by the construction of a remarkable system of dams, aqueducts and related facilities designed to capture water in areas of perceived surplus and to move it to areas of perceived need. Initially the movement was largely from east to west. For example as San Diego in the 1880s found sources for a water supply in the mountains 35 miles to the east of the city, farmers in the Imperial and Coachella valleys obtained water from the Colorado River, and various water districts on the east side of the San Joaquin Valley went into the foothills of the Sierra Nevada to capture the springtime snowmelt there. Decades later, those early water supply projects were followed by those of San Francisco and the East Bay Municipal Utility District, developing water supply projects respectively on the Tuolumne and Mokelumne rivers. Los Angeles instituted water projects on the east side of the Sierra, the Metropolitan Water District of Southern California ("Metropolitan") was formed to bring in water from the Colorado for urban use, and both the federal and state governments constructed water projects designed to move large quantities of water from north to south. The projects, then, were the principal components of the aqueduct empire described by Cooper.

Doubtless in 1968 many believed that, in a state where the population continued to grow rapidly and much irrigable land did not yet have a reliable water supply, the future would bring more of the same. Water supply planners anticipated more big dams on the rivers of the North Coast, another on the American River linked operationally to a projected new aqueduct down the east side of the San Joaquin Valley, and a facility for routing water through the Sacramento-San Joaquin Delta. After all, the California Water Plan, promulgated in 1957 by the state's new Department of Water Resources, had detailed some 370 dams that were possible projects over the following hundred years. A doubling of the aqueduct empire seemed entirely feasible to many.

The years since 1968, however, have been ones of intense conflict over water projects and water policy. It has been difficult to gain approval for construction of a major water project without a political and/or legal battle. Occasionally, water projects have been approved — for example, Warm Springs Dam, a Corps of Engineers project in Sonoma County; and New Melones, part of the federal Central Valley Project, were constructed, and phase II of the Coastal Branch of the State Water Project's California Aqueduct, which will bring northern water to the Santa Barbara area, and a new storage reservoir for metropolitan are under way today. But many others have either fallen by the wayside or have been turned down after a battle. Examples of the latter are Dos Rios, once planned to provide water to the State Water Project from the North Coast; the Peripheral Canal, defeated by the voters in 1982; and, for the moment at least, Auburn Dam on the American River. By and large, therefore, California's aqueduct empire in 1995 is about what it was in 1968.

How, in these circumstances, have we coped? Our population in California has increased by more than 50 percent since 1968, and in some cases new demands for environmental restoration have been accommodated. A new set of rules for exports from the Mono Lake Basin and restrictions to protect endangered or threatened fish species are examples of the latter. How has this been possible without more dams on rivers?

Several factors seem to have been important. First, irrigated agriculture has not expanded as it might have. Furthermore, portions of the existing irrigated agricultural land in California have experienced significant shortages in recent years, as have some urban areas. Second, strict federal rules on water pollution, which require expensive treatment of industrial discharges, have led many businesses to become much more efficient in their use of water. Third, wastewater reclamation has begun to come into its own. In urban Southern California, for example, some 240,000 acre-feet of water are reclaimed annually, far more than in any other urban area of the nation. Fourth, water "marketing" has greatly increased, allowing for the reallocation of water on a short-term or long-term basis in response to money incentives. And finally, some water suppliers — like many energy suppliers before them — have discovered "demand side" management. Whereas in 1968 demand was taken as a given, today demand is seen by some water suppliers as subject to manipulation. Metropolitan, for example, estimates today that the annual water conservation savings in its service areas are about 250,000 acre-feet. That, together with water from wastewater reclamation in Metropolitan's service area, comes to well over half the increased yield that was anticipated from the Peripheral Canal.

Emphasis on demand management is but one aspect of a whole new way of thinking about their role that today is emerging for some water supply organizations. Metropolitan, for example, is in the midst of an exercise in "integrated resource planning," or IRP, an alternative to traditional water supply planning. The American Water Works Association in a recent white paper defined IRP as follows:

"Integrated resource planning is a comprehensive approach to evaluating supply-side and demand-side resource alternatives with respect to explicitly defined and often conflicting objectives. IRP encompasses least-cost planning, but is broader in its emphasis on an open and participatory decision-making process, the use of planning scenarios that incorporate uncertainties, externalities, and long-term community needs, and consideration of the multiple institutions concerned with water resources and the competing policy goals among them."

To predict where California will be on water in 25 years is as hazardous today as it would have been for Erwin Cooper in 1968. Presumably the aqueduct empire will remain in place, perhaps modestly expanded. Desalination may contribute more to urban water supplies than at present. Hopefully the new thinking evident today in some urban water supply circles, IRP for example, will spread to agriculture. The long-neglected matter of state groundwater management may be addressed. Perhaps further progress will be made on environmental restoration — the San Joaquin River below Friant Dam is a prime candidate. Possibly the nearest certainty is that water will remain an important problem in a heavily populated state with a largely semi-arid climate. To modify the water challenge stated in 1968, it could be "more people, using less water per capita, imperiling its purity by their very use of it, and all in a land where water is precious to begin with."

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Southern Exposure
PERSPECTIVE

By Sherry Bebitch Jeffe

It isn't easy being Orange

Editor's note: This month, California Journal *inaugurates an irregular column that presents a Southern California twist on state politics and government — "Southern Exposure," which will be written by contributing editor Sherry Bebitch Jeffe, senior associate, Center for Politics and Economics, Claremont Graduate School and a longtime* Journal *contributor.*

While most of the Southland — like much of America — is preoccupied with the Trial of the Century, the Bankruptcy of the Decade has been overshadowed. But the plight of Orange County — sent crashing in the wake of bad investments — deserves the attention of politics-watchers from California to Capitol Hill.

An Orange County default presents serious economic problems for other localities caught in the bad investment scheme. It will make balancing an already out-of-whack state budget more difficult. And, some analysts argue, a default by Orange County could undermine the municipal bond market nationally.

The political fallout from the funding crisis is more speculative. However, from Newport Beach to New Hampshire, candidates up and down the 1996 ballot could be put at risk. The major Democratic scalawag — former Orange County Treasurer Robert Citron — has resigned. That leaves the Republican Board of Supervisors as the prime focus of intense voter anger. A January *Los Angeles Times* poll showed 84 percent of Orange County residents angry at local officials for the crisis. Almost one-quarter of the respondents placed the most blame on the supervisors. And an April *Times* poll showed that 48 percent of Orange County voters thought the supervisors were doing a poor job — up from 34 percent in yet another poll taken last December.

Voter rage has fueled threats of recall against members of the board. Perhaps the most telling target is Supervisor Gaddi Vasquez. His rise in government was once part of a Republican strategy to lure Latino voters to the GOP. Not now. Forty-eight percent of the respondents to the January *Times* poll supported a recall of Vasquez, while only 28 percent were opposed. And conservative GOP Assemblyman Mickey Conroy has announced he'll challenge Vasquez next year. In the wake of Proposition 187, the successful anti-immigration proposition on last November's ballot, moves like that make it nearly impossible for Republicans to make inroads into a growing segment of the state's population.

Skittish politicians, looking to duck the blame for increasing taxes to bail out the county, shunted the decision off to voters. But the first poll taken since Orange County supervisors placed a half-cent sales tax on a special June 27 ballot shows that public opinion against the proposal appears to be hardening. When asked how they would vote on Measure R, 57 percent of the respondents said "no" and 36 percent "yes."

Leaders of the Orange County business community, including major players in state and local Republican politics, have thrown their weight behind the sales tax hike. But anti-tax activists and conservative leaders of the Orange County GOP — the people who come out to vote — have remained adamantly opposed. That risks a split in party ranks in an key Republican bastion, just months before a critical election year. This is a situation that could spell bad news for presidential wanna-be, Governor Pete Wilson.

Conservative Senator Phil Gramm, a strong Republican presidential contender, already has announced that he intends to campaign aggressively in California. Forays into Orange County to campaign against the tax increase proposal, suggests a *Wall Street Journal* editorial, could prove useful to Gramm in the next few months when "allegiances for the primary will be established."

Wilson has been trying to put as much distance as possible between himself and the "t-word" — the better to survive in conservative, anti-tax New Hampshire. But if he is perceived as abandoning a realistic solution to Orange County's fiscal woes, it could drive a wedge between Wilson and some of his strongest business supporters, at a time when he needs all the enthusiasm — and money — he can get from them.

And in a county the governor must win to take his party's presidential primary, the January *Times* poll shows only three in 10 residents — and four in 10 Republicans — give Wilson positive ratings for his response to Orange County's bankruptcy.

Still, there could be a little upbeat news for California Republicans in the Orange County debacle. Early on, Willie Brown Jr., the Democrat who bested the Assembly Republicans in the latest speakership battle, demanded that Orange County tax itself before coming hat in hand to the state. Brown's victory and the "let Orange County eat cake" attitude of Democratic lawmakers could provide the impetus for a nice GOP get-out-the vote operation.

To win statewide, Republicans want a cushion of about 200,000 votes coming out of Orange County — home to around 11 percent of the GOP vote in California. A "Willie Brown tax," as one newspaper gleefully labeled the sales levy, could be used to motivate anti-tax voters. They'll likely come out to support not only GOP candidates, but GOP issues — such as an anti-affirmative action initiative — that seems sure to appear on the 1996 ballot.

The events surrounding Orange County's bankruptcy offer proof of a basic political axiom: All politics is local. Orange County's population is more than twice that of New Hampshire. Its investment losses alone amount to roughly 60 percent of New Hampshire's 1992 budget. In the run-up to the 1996 elections, that should help put a fresh perspective on California's "poor little rich county."

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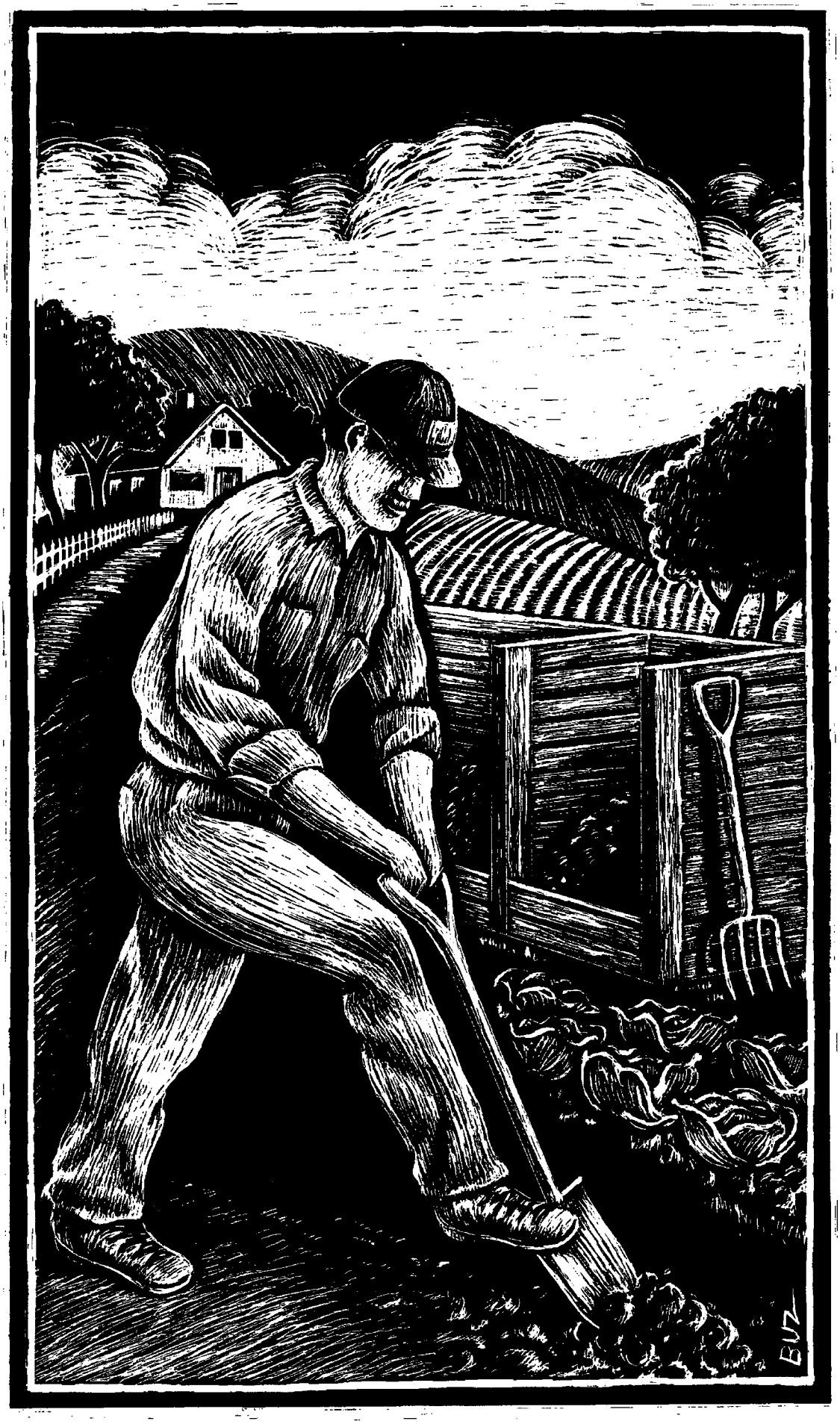

Illustration by Buz Walker Teach

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Organic agriculture grows up

by Elizabeth Schilling

First it was a fad, then a market niche, then a trend with potential. Today, organic agriculture is a $100 million part of California's economy, with past critics assessing it as a vital industry with an unlimited future.

"The organic industry is still maturing," said Henry Voss, director of the California Department of Food and Agriculture. "But it's definitely here to stay." Voss was serving as vice president of the conventional California Farm Bureau Federation 25 years ago when organic farmers began to demand notice. "It was difficult then to accept them as part of agriculture," recalled Voss. "It's proven more than a backyard habit and is a very substantial industry."

Those in the organic movement have moved beyond their counter-culture roots and happily embrace institutional trappings. For example, Voss' department oversees the Organic Farmer Certification Program, which ensures that consumers know that an organic label means the food they buy is entirely chemical-free. A similar program is also law on the federal level. Other connections that weave the organic industry into the mainstream include sophisticated consumers and the booming health-food industry, state-of-the-art information sharing through dozens of electronic and printed mediums, stock-market trading of organic companies and even infusion of venture capital.

One sign of the movement's maturity is its aging leaders. The early '70s place these people as "hippie kids" pressing tofu, organizing neighborhood food co-ops, or pooling their money to buy some acreage. The interests of nutrition, grassroots politics and back-to-the-land were values shared by most of the baby-boom generation.

Elizabeth Schilling is a freelance writer who has written about California agriculture for 12 years.

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The force of this population in the marketplace is a major factor propelling the organic industry, according to Bob Scowcroft, director of the Organic Farming Research Foundation, a Santa Cruz-based national organization. Scowcroft served as the first director of his foundation's parent organization, California Certified Organic Farmers, from 1987 to 1992. Just as he helped form CCOF into a strong political force for growers, he is turning the five-year old foundation into a vehicle to change agricultural research priorities.

In 1970 Scowcroft worked for Friends of the Earth on Alaska land issues. Eventually his environmental interests steered him toward agricultural policy. Similarly, getting pesticides out of the food and water supply became a cause for Friends of the Earth and other environmental groups, and remains so today.

"I've gotten over the miracle that the organic industry is now part of mainstream agriculture," said Scowcroft. "Now I want to go on and change all of agriculture."

He predicts a big stride by 2001 after full implementation of the Organic Foods Production Act, which was adopted as part of the 1990 farm bill. Because these new laws will tighten pesticide use, Scowcroft thinks the hundreds of farmers already in transition away from chemicals will go totally organic, thus boosting organics from 2 percent to 10 percent of the agricultural economy.

The organic industry is ready for the boom, according to Mark Lipson, an organic tomato grower who helped write the state's Organic Food Act and now sits on the advisory board overseeing its implementation. Laws and regulatory procedures are in place to handle increased growers. Similarly, food buyers and produce sellers now know better how to market fresh and processed organic foods, he said. And finally, the health-conscious consumer is quick to buy everything from organic canned soup to kiwis — especially if increased supply brings lower prices.

Lipson was an early member of CCOF and has seen the organization through several leaps. It began in 1973 when about 50 concerned farmers attended a meeting facilitated by Rodale's *Organic Farming and Gardening* magazine. The Rodale organization in Pennsylvania was one of numerous pockets around the world with a proven organic track record. The first leap in membership for CCOF came in 1986 after the fear of Aldicarb poisoning in watermelons.

"That scare got some of the big growers to go organic," recalls Lipson. "Then the 1988 stories of Alar on apples sent the demand for organic produce into high orbit. Since then, our credibility has snowballed."

That year the number of acres under CCOF certification quadrupled to almost 17,000. The last five years have seen continued explosive growth

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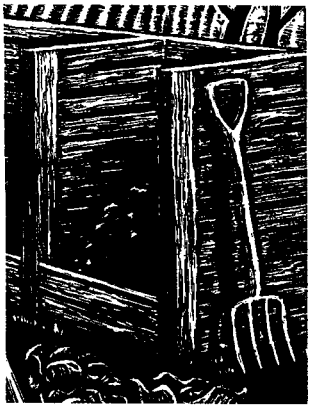

with 512 certified growers cultivating 100 crops on 52,000 acres in the state. Similar programs are functioning or emerging in most states across the country.

The transition from conventional growing techniques dependent on chemicals to organic methods can pose difficulties on several fronts. Purifying fields, learning regulations and firming up new buyers can take several years. To help farmers avoid pitfalls in the process, the University of California was charged with new duties under legislation passed in 1986.

A significant milestone in the evolution of the organic industry, the 1986 legislation, SB 872, authored by Senator Nick Petris (D-Oakland), created the UC-Sustainable Agriculture Research and Education Program (SAREP). Until then, most of the UC system's agricultural research was biased toward chemical companies, says Petris.

"I told the university, 'You've got a great program, but you've never done one thing to encourage farmers to go organic,'" Petris recalled. He gives the program high marks for carrying through on its mission. Petris continues his 30-year legislative battle against pesticides again this year with SB 929, the Poison Prevention Act, which he says would eliminate most toxins from farm fields.

The 1986 legislation gave organic growers the boost they needed, according to Bill Leibhardt, director of SAREP. In its seven-year history, the UC-Davis based program has a strong presence in both the conventional and organic realms. The program publishes a free quarterly newsletter, *Sustainable Agriculture*, and has sponsored 160 research and informational projects. Two recent examples include a 36-page publication titled "Organic Soil Amendments and Fertilizers," and a 101-page annual, "A Guide to Agriculture on the Internet."

New to SAREP is a $585,000 program called BIOS (Biologically Integrated Orchard Systems), which helps conventional almond growers reduce pesticides by using cover crops and biological pest control. The system was developed a few years ago by the Community Alliance with Family Farmers Foundation and has caught on dramatically, Leibhardt said.

The California dreamers who began the organic movement 25 years ago have succeeded. But while enjoying the fruits of their labor, growing pains loom for the industry. Among the challenges will be the outfall of the controversial Endangered Species Act, enforcement of the new federal organic laws, more production-related research and potential taxing of organic growers to support a marketing order or other promotional organization.

"The organic industry is thriving not for just one reason, but a host of reasons," Leibhardt summarized. "The day is coming when there will be more problems to keep using pesticides than to learn to stop using them."

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Soapbox
OPINION

By Donn Zea

The politics of owls, forests and people

First came the northern spotted owl, a species purported by environmentalists to be diminishing in forests of northern California and the Pacific Northwest. Activists heralded the owl as the "indicator species" of the overall forest condition. Volatile emotions and partisan politics superseded rational discussion of the validity of the owl science or the best way to solve the problem, if there actually was one. Between 1990 and 1995, more than 40 lumber mills in the owl region of Northern California closed, taking thousands of good jobs, the hopes and dreams of families and another piece of California's once competitive economy with them.

Meanwhile, a funny thing happened on the way to the unemployment lines. More than three times the owls once thought to exist in California, Oregon and Washington were discovered living in the forests of Northern California, mostly in intensively managed second-growth private timberlands. If the owl was the indicator species, then the forests were doing fine. A petition was filed to remove the owl in California from the list of endangered species but denied by Secretary of Interior Bruce Babbitt. The owl would be protected no matter what the cost or the need. After all, the president had a political stake in the issue important enough to hold a forest conference, even if it was only a public-relations event.

Then in 1993, amidst violations of the Federal Advisory Committee Act, the Clinton administration turned its back on science and the American taxpayer by placing millions of additional acres of tinder-dry forests off-limits for wood and paper production. Timber communities prepared for the worst. Politically impotent rural California had fallen victim to the big lie directed at the unknowing and vote-rich urban public. To many who lived in cities, the forests and the owls were almost gone. On this fabricated premise, misguided environmental policy would be made that had unprecedented economic and social impacts. The leaders of the 103rd Congress lacked the fortitude to buck the powerful environmental special interests to stop it. An entire region of Californians was betrayed.

Could the commandeering of an entire forest region be engineered again? In fact, it's already happening, only this time in the forests and communities of the Sierra Nevada. Now, environmental extremists are claiming the California spotted owl is imperiled. Scientists disagree whether this owl is a subspecies of the northern spotted or the same bird. Regardless, an important difference exists in the preliminary information collected on the California owl — an exhaustive two-year study by the U.S. Forest Service finds California owl populations in the Sierra doing well.

For the past two years, timber operations on Sierra Nevada national forests have been curtailed under strict interim management guidelines as a result of threatened legal action by environmentalists. Unlike the northern spotted owl, the Sierra bird has not been listed as endangered, but Forest Service officials were compelled to bend under pressure to avoid going to court. Comprehensive and costly land-planning documents already in place were arbitrarily declared worthless, while business contracts, social responsibilities and public input were all but ignored.

The California owl study is now complete. Results provide a valuable look at the successes and failures of forest management policies of the past, and how forests should be cared for in the future. The findings of the draft environmental impact statement titled, *Managing California Spotted Owl Habitat in the Sierra Nevada National Forests of California - An Ecosystem Approach*, are clear in these selected quotes from the report:

- "The California spotted owl appears to be abundant and well-distributed within the forests on the western slope of the Sierra Nevada. It is possible that the spotted owl is more abundant today in some areas of the Sierra Nevada than in the past 100 years or prior to Euro-American settlement."
- "The combination of fire exclusion and other factors have greatly increased the chances of high-severity fires. High-severity fire events are generally large in size and severe in their impacts."
- As for intensively managed private lands, the report states: "Private lands in the Sierra Nevada that are classified as timberland and have the potential to grow forest habitats used by California spotted owls encompass about 2.4 million acres, much of which is currently in suitable condition."

Again, based on the findings of this report, if the owl is an indicator species, then the forests of the Sierra Nevada must be in relatively good shape. But the report instead recommends a "preferred alternative" for Sierra management that requires a 60 percent reduction in timber harvesting and the addition of massive land reserves. More fires, economic despair and bad news for taxpayers. Whose interest does this serve?

Clearly, it is evident that what led policy makers to this decision defies logic and smacks of environmental politics. As with the northern spotted owl tragedy, taxpayers should be outraged. More important, the 104th Congress must do what their predecessors would not — get to the heart of the problem with an investigative hearing and call witnesses to testify under oath — the chief of the Forest Service and his employees, environmentalists and, yes, timber-industry contractors. Only then will we learn who really runs government land agencies, admit that we're being duped and begin making our forests and communities healthy again.

Donn Zea is vice president of the California Forestry Association.

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The problem with welfare

Is it a safety net, or a hammock?

By Laureen Lazarovici

In the circus, tightrope walkers count on a safety net to save them from certain death if they make an error during their high-risk stunts. In California, millions of average people count on the safety net of welfare. But the consensus on what form welfare should take has begun to unravel, leading to a renewed debate on a Depression-era program that can't seem to keep up with changes in the economy and social mores.

Governor Pete Wilson, in his second inaugural address, said, "We will make clear that welfare is to be a safety net, not a hammock — and absolutely not a permanent way of life." To Wilson, welfare recipients eschew personal responsibility, refuse to work and become a burden to the state's taxpayers. His administration points out that with 12 percent of the population, California accounts for 17 percent of the nation's caseload of those receiving Aid to Families with Dependent Children (AFDC) — and 27 percent of all the money spent on the program. For the fourth year in a row, Wilson has proposed deep cuts in AFDC grants and moved the issue to the top of his agenda, mirroring the trend on the national level.

Assemblyman Brett Granlund (R-Yuciapa), the new chairman of the Assembly Human Services Committee, presses the outer edge of one end of the political spectrum by suggesting that welfare be abolished entirely except for widows and orphans. On the other end of the spectrum are the welfare advocates who say that cuts in the past have merely made the poor even poorer. "There will always be a need for a safety net," says Casey McKeever, directing attorney for the Western Center on Law and Poverty. "And we have one of the worst ones among developed nations."

Wilson, who campaigned for his first term on a platform of "preventative government," has made some innovative changes in California's welfare system. Cal-Learn provides cash bonuses to teenage parents who stay in school and graduate. His administration also has implemented reforms that address welfare's often nonsensical rules that discouraged recipients from working or preserving their family units. For instance, parents who leave AFDC can keep the child-care benefits and MediCal associated with it for a limited period of time. The proposed "Wed-Fare" program, similarly, would allow these benefits to continue after marriage, but Wed-Fare is awaiting a federal waiver before it can be implemented. Other changes include allowing welfare recipients to save more money and own a higher-value car and still qualify for aid. These reforms follow changes in federal rules that allowed AFDC recipients keep more of their

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work income, increased child-care allowances, and let two-parent AFDC families to work more hours.

California has met with some success with the federally-mandated Greater Avenues for Independence Now (GAIN) program. An experiment in six counties since 1985, GAIN requires AFDC parents to enroll in job placement, job training and educational programs. Today, GAIN is regarded as the most successful welfare-to-work program ever studied. Overall, GAIN participants' earnings were 22 percent higher than those of AFDC recipients not in program, and their welfare payments were 6 percent lower.

Still, GAIN's success hasn't been unqualified. In Riverside County, which has shown the best results, after three years, fewer than one-quarter of the single parents who entered the program were both employed and off AFDC — and fewer than one-third were working at all. For those who did work, only 19 percent had incomes above the poverty line. For all six counties in the state, a report from the non-partisan Legislative Analyst's Office shows that 47 percent of participants — nearly half — were still on public aid after two years. And, proving the contention that intensive efforts to get people off welfare and into jobs costs more than giving out grants, the program's costs exceeded its savings to government.

Part of the problem is that GAIN has never been fully funded. The state has never put up the necessary resources to receive all the federal matching funds it's entitled to. Lawrence Townsend, director of Riverside County's Department of Social Service, says that he wants to be able to serve more people in his highly regarded program. "Most applicants are more employable than the bureaucrats think," he says. But he needs more money to do it. "If I'm going to be given a Herculean task, I'm going to need more offices and more employees," Townsend says. "I don't have the resources to take on the entire population." This year, there is actually a small decrease in GAIN budget, adjusting for the loss of enhanced federal funding due to California's poor participation rate.

Concurrent with these reforms and GAIN's progress, however, Wilson has made deep cuts in AFDC grants. The administration views the cuts as work incentives — and thus a reform measure. "Work should pay more than welfare," says Eloise Anderson, director of the Department of Social Services. She points out that before the cuts, only 7 percent of AFDC recipients worked, but now 14 percent do. Welfare advocates say the cuts are much more a budget-balancing measure, one that makes it easier for Wilson to promise a large tax cut. McKeever, for instance, points out that as grant levels have gone down, earnings among those on welfare

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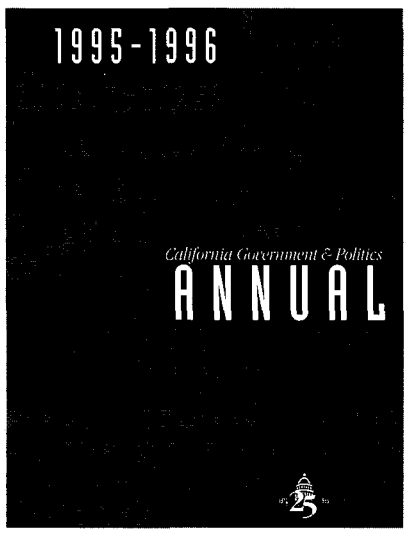

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haven't gone up. Caseload went up, too. In 1992 Wilson proposed cutting aid levels so drastically that California had to get a federal waiver or risk losing Medicaid funding. An appeals court turned down the waiver request, and now an amended request is pending before the federal Department of Health and Human Services.

Grants have fallen by 13 percent since Wilson took office. As a result, the gap between the federal poverty level and combined aid of AFDC plus food stamps has been growing steadily since 1989. Where once a typical family of three on aid hovered just below the line (96 percent of the poverty level), today it is at just 80 percent. An analysis by the Western Center for Law and Poverty shows that the purchasing power of aid to a typical family of three declined 32 percent between 1980 and 1993. During the same period, the child poverty rate in California nearly doubled, from 15.2 percent of children in poverty to 28.6 percent.

In this year's budget, Wilson proposes cutting grants again, this time by 7.7 percent, and then by 15 percent after six months on aid. He also would like to impose a two-year time limit on receiving aid. "Before reform, welfare didn't focus on helping people get off of it and into work as quickly as possible," says Anderson. "This should be a program for people in crisis." The LAO, however, is dubious. "While some families will be able to compensate for the grant reductions through work," they write, "others will find this difficult due to low levels of education and employment experience, as well as a potential lack of job opportunities."

In addition to the cuts, Wilson is pushing for "behavior modification" measures. The governor proposes requiring teenage parents, with certain exceptions, to live with their families in order to qualify for aid. Only 1 percent of AFDC mothers are under 18, although 51 percent of AFDC mothers nationwide went on welfare when they became teenage mothers. Wilson vetoed a bill establishing this requirement last year because of a disagreement over which bureaucracy would decide if the teenage girl should live at home.

California also enacted a family cap, denying additional aid to mothers who have more children while they're on AFDC. The state applied for a federal waiver last year. The Wilson administration points out that 32 percent of welfare mothers have additional children after they get on aid. Critics, however, point out that the average AFDC family is a mother and two children, and that grant size doesn't necessarily correlate with small families. A 1992 study by the Center for Law and Social Policy shows that Mississippi has the highest percentage of AFDC families with five or more children, the highest teen pregnancy rates — and the lowest grant level of any state.

"We oppose the family cap," says McKeever. "The fiscal incentive of AFDC is not a factor in the decision to have children. The cap just makes families poorer."

These reforms are clearly designed to modify the behavior of women. After all, welfare began in the 1930s as a program for widowed and abandoned mothers. Women's role in society has been revolutionized since then, and now there is the expectation that women work outside the home. But men's role in the welfare crisis has escaped attention. Nationally, most women get on welfare is because of a divorce; most who leave do so because of a marriage. A wage-earning father, therefore, seems to be a critical part of any solution. Some say that welfare has replaced fathers. "Poor men can't compete with welfare. It's a system that behaves as if the father is dead," Anderson says. Critics on the other side say more attention should be paid to child-support enforcement. Wilson, for instance, raised the issue in his inaugural address: "If [fathers] lack the basic decency to send love to their child, they must at least send money. If they don't, we'll track them down and dock their pay for child support." But not much has been heard since then, and the state will actually lose some federal matching funds because of delays in setting up an automated child-support collection system.

Just how much of Wilson's agenda will make it through the legislative process is unclear. The Assembly is politically volatile and deeply divided. As a result of the power-sharing arrangement that emerged when the Democrats lost a majority for the first time in decades, a conservative Republican — Granlund — chairs the Human Services Committee.

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"I don't think able-bodied people ought to be sponging off the taxpayer," he says. "That's too conservative a point of view to get through this Legislature, so we start from there and go forward." Indeed, his committee seems destined for stalemate because it is made up of three conservative Republicans — Granlund, Tom Bordonaro Jr. of Santa Barbara, and Tom Woods Jr. of Redding — and three liberal Democrats — Tom Bates of Oakland, Sheila Kuehl of Encino and Byron Sher of Redwood City. On the Senate side, where Democrats retain a slim majority, longtime chair of Health and Human Services Diane Watson retains her post. She represents an inner city district of Los Angeles County — a county where one in five people receive some sort of government aid. "All of the governor's proposals are really squeezing people," she says.

But if the federal government converts welfare from its current status as an entitlement program to a block grant, the Legislature will have to make some tough decisions about how to spend the funds. No one knows if the plan recently passed by the House of Representatives will survive the Senate or the president's veto pen, so no one's taking any bets on how California would spend a block grant. Anderson openly admits the administration "doesn't have a clue" about what would change. McKeever can only guess that Wilson would continue to cut benefits since he'd no longer need federal waivers.

In the end, many embroiled in the this debate say reforming welfare without addressing the social and economic issues surrounding it is fruitless. Conservatives talk about a wholesale overhaul in our society's moral order, exaulting work and bringing back shame as tool to curb illegitimate births. "We've gotten Americans thinking that the are too good for some jobs," says Anderson. "If people want to work, there are jobs out there. We in the middle class should let people feel good about low wage jobs." Granlund adds, "When I was a child, we were poor. My mother took in ironing and my father was a night janitor. We were never dishonored by a social worker delivering money. You can't substitute that ethic with a welfare check."

Liberals view the issues in the context of a foundering economy, arguing increasing the minimum wage and instituting universal health insurance would go a long way to reduce welfare. They say the mostly low-skill jobs that welfare mothers — or the men with whom they have children — would fill just aren't there. "For every job you create, I can get you 1000 people," says Watson. "If you isolate AFDC, then there is a limited amount of room to accomplish anything significant because there are so many other factors," says McKeever. "You're tinkering with rules, but your chances for making significant improvements is pretty limited and minor."

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On the road to managed care

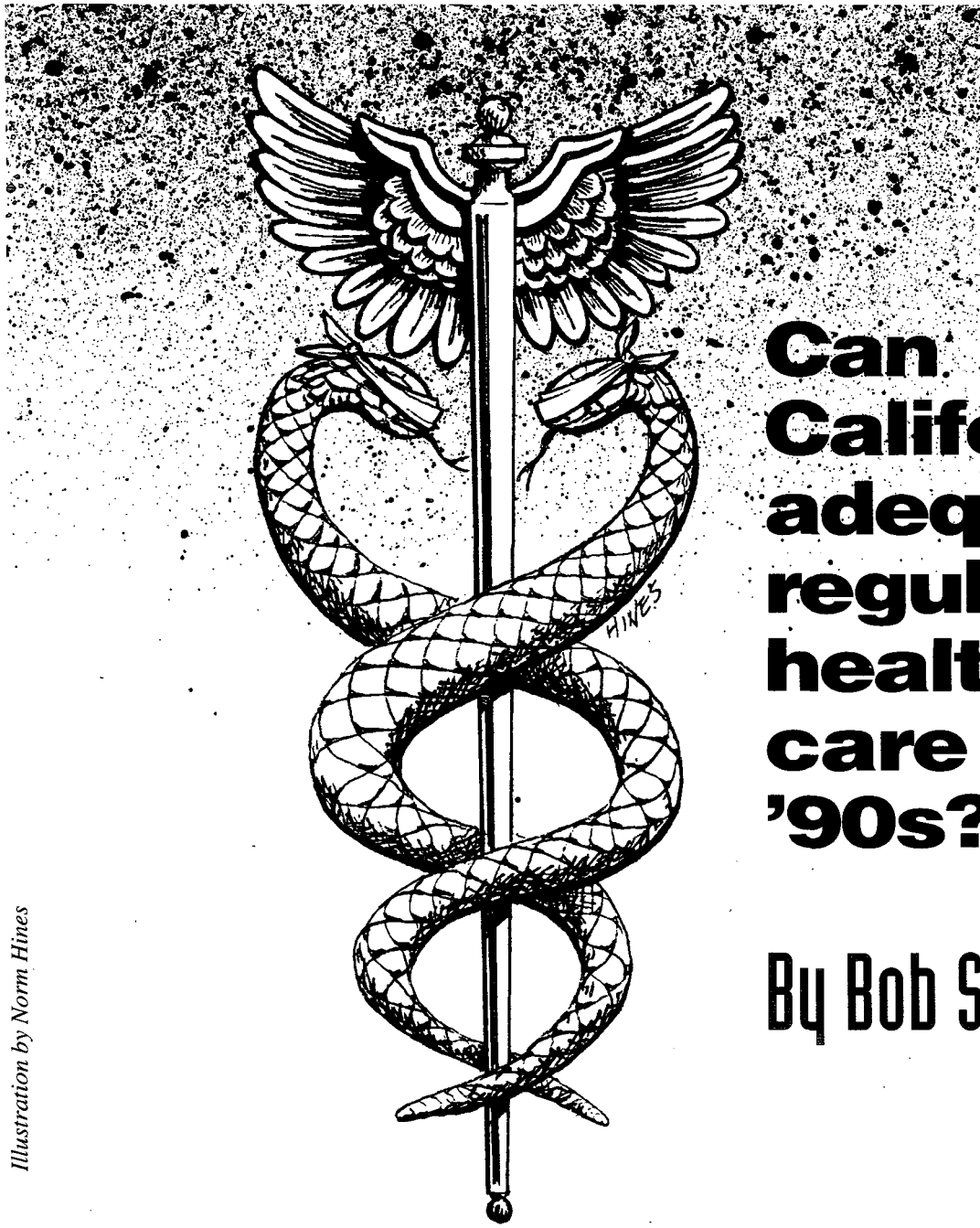

Illustration by Norm Hines

Can California adequately regulate health care in the '90s?

By Bob Schmidt

One day in 1993, a 911 operator in San Francisco received a call from a woman who said she was having trouble breathing, couldn't get any help from people near her, and needed assistance. An ambulance was dispatched to the address she provided. When the vehicle reached the location, its crew was startled to find themselves at a nursing home. They entered, found the distressed and ignored patient, removed her from the home and rushed her to a hospital. Efforts to save her life were too late, however, and she died. After a review, the state imposed a $1000 fine on the nursing home, but waived it when the home's administrators promised to be more attentive to their patients in the future.

California's 30-year-old Medi-Cal program this year will serve nearly six million people at a cost of

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Bob Schmidt is a veteran political journalist from Sacramento.

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about $17 billion.

The question now, as it was in 1965, is how to assure that the health care being provided is quality health care? The objective, as it has been for three decades, is to reduce the number of horror stories similar to the one in which a Medi-Cal patient in a state-licensed nursing home had to call 911 for assistance.

> ...the system the state chooses to provide health care has value only if the quality of that care is assured...

The question has particular relevance now because Medi-Cal is changing. Until a few years ago, most beneficiaries received health care through what is called the fee-for-service system. Each time a beneficiary went to a doctor with an ailment, the doctor would treat the ailment and submit a bill to Medi-Cal for that service. By 1996, however, nearly all persons receiving Medi-Cal benefits will be required to enroll in managed-care programs, either a locally developed comprehensive managed-care plan or a non-governmentally operated health-maintenance organization (HMO). Under such plans, Medi-Cal pays a flat fee each year to a health-care organization to provide full care, within limits set by the state, to a beneficiary.

But the system the state chooses to provide health care has value only if the quality of that care is assured, and there are skeptics who doubt the state's ability to monitor the quality of the care being provided. One of those skeptics is consumer activist Harvey Rosenfield of Los Angeles, who says the move to managed care "provides an incentive to doctors and hospitals to deny services."

Unlike the fee-for-service system, which encourages doctors to perform more services to collect more fees, Rosenfield said, a managed-care system paying contractors a flat fee regardless of the number of services provided encourages the providing of fewer services. "That obviously makes the monitoring of health-care providers crucially important," he said.

Another skeptic is Geraldine Dallek of the Center for Health Care Rights in Los Angeles. "The state's move to managed care for Medi-Cal insured mothers and children marks a sea change in California's system of providing health-care services to the poor," Dallek wrote in a December 1994, report. "By mandating enrollment in managed care ... the state promises to provide better access to high-quality care. The state's past record in protecting Medi-Cal managed-care enrollees is an indication of whether the state can keep this promise."

Dallek says the past record provides little hope that the state will keep its promise. Her pessimism about the quality of California's programs to monitor health-care quality does not conflict with the conclusions of a number of studies of the Medi-Cal program, in-

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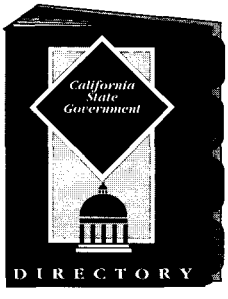

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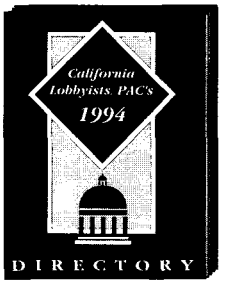

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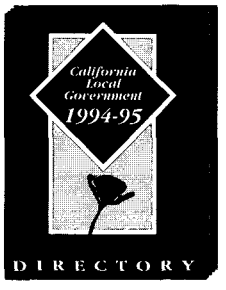

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cluding some by the state agencies directly involved.

• In 1993 Dr. Molly Joel Coye, then-director of the state Department of Health Services, acknowledged in a statement accompanying the DHS managed-care plan that, "The care our [Medi-Cal] patients receive is fragmented, patchwork, and outdated. Instead of being cared for in a doctor's office or a clinic, our patients wind up waiting hours in emergency rooms for simple problems like a child's ear infection. Thousands of Medi-Cal beneficiaries are hospitalized each year for serious health conditions that could have been prevented by an ordinary doctor visit [and] by preventive tactics like immunization and early detection of disease through pap smears and mammograms."

• The federal Health Care Financing Administration (HCFA), which oversees the use states make of federal Medicaid dollars, stated after a 1992 review of California's administration of its managed-care program that "... the quality of a [health care] contractor's performance depended more on its own internal integrity and competency than on guidance and supervision of the state."

• A 1992 report by the state auditor general concluded that the Department of Corporations, which licenses and regulates HMOs, "had not effectively managed its medical surveys of health-care service plans or their release to either the plans themselves or the public ... its actions for follow-up and enforcement were not always effective ... and [it] had not promptly processed complaints made by members against their health care service plans."

• Part of the problem, the state Bureau of Medi-Cal Fraud and Patient Abuse said in a 1989 report, is the absence of official concern about health-care deficiencies. "In the area of patient neglect," the beleaguered bureau acknowledged, "the bureau's activity has not so far been equal to the level of public concern about these cases ... the law and the attitudes of the criminal justice system in patient neglect cases are similar to past attitudes [about] child sexual abuse, rape, and DUI [driving under the influence] cases ..."

• Pat McGinnis, executive director of California Advocates for Nursing Home Reform (CANHR), said her organization compiles and tracks consumer complaints against nursing homes and in 1993 gave the state a grade of "D" for its response to the problems brought to it by patients and consumer protection organizations.

• The 1994 study by the Center for Health Care Rights concluded that "California has failed to monitor adequately Medi-Cal managed care plans."

Part of the problem, Dallek said, is that the DHS, which is responsible for the quality of care provided Medi-Cal beneficiaries, insists on monitoring that quality itself instead of contracting with an external evaluator to perform that function, as federal law requires. The federal government partially reimburses states for the cost of monitoring federally mandated health-care plans, picking up 75 percent of the cost when a state contracts for an independent, external review, and only 50 percent of the cost when the state conducts the required annual reviews itself. The difference in federal reimbursement funds amounts to millions of dollars yearly to

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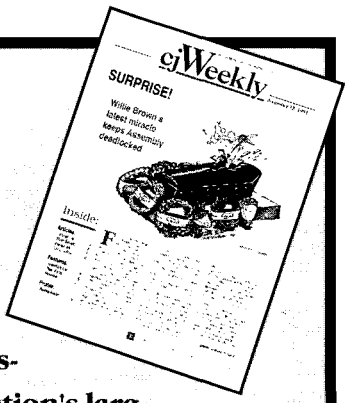

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California, but nevertheless DHS has refused to comply with the federal requirement that was put in place in 1987 and has insisted on conducting its own reviews.

"We disagree with that federal requirement," says John Rodriguez, deputy director of DHS for Medi-Cal Care Services. "I argue that our approach is better. It provides more continuity and better follow-up. But they want someone other than the state medical agency to conduct the reviews, and we acknowledge reluctantly that we'll have to go along with that. We'll be working with them over the next few months to be clear on just exactly what the feds want auditors to be looking for."

It will make a difference if, in fact, DHS does agree to contract for external reviews, Dallek said. "DHS findings of quality care problems in 1991 and 1992 audits [of individual health-care providers] seem to have had no discernible impact on the subsequent care provided," she wrote in her report. "Indeed, quality of care problems found in [the] audits either did not improve or actually worsened in following year[s]."

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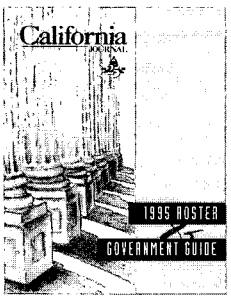

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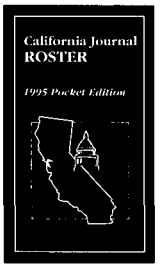

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DHS conducts annual on-site inspections of health-care providers with Medi-Cal patients. It sends in audit teams composed of both physicians and nurses, and makes findings ranging from "No Deficiency" to "Severe Deficiency" in 17 different categories.

"A review of DHS's monitoring system raises a number of concerns," Dallek's report concludes, including "the length of time between the audit and the release of the audit report [and] the lack of DHS ... follow-up for serious quality-of-care problems found during the audit."

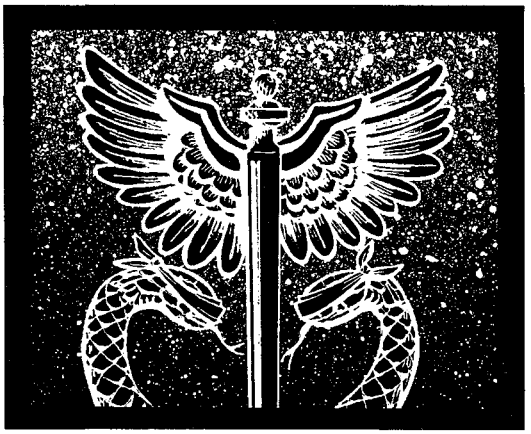
The report cites as typical DHS practice an April 1993 audit of a Los Angeles HMO's 1992 health-care performance. The final report was not released until the summer of 1994, "two years beyond the time frame audited."

"We agree that the release of audit reports should be done more quickly," Rodriguez responded, "and we're working on that. But I disagree strongly that our response to deficiencies is inadequate. An audit might find deficiencies, but they will be different from the ones found in a previous audit. Nevertheless, we want to improve our monitoring capability, and I've asked for funds for 120 additional auditing positions in our 1995-96 budget."

That would seem to conflict with Rodriguez's assertion that DHS will bow to the federal requirement for external auditing of managed-care plans, but he says there will be plenty of work to be done if that happens.

To make sure it happens, two bills have been introduced in the Legislature to require DHS to contract for external reviews and obtain the maximum federal reimbursement for the cost, and they come from opposite ends of the political spectrum. SB 370 by conservative Senator Cathie Wright (R-Simi Valley) simply directs DHS to "ensure maximum federal reimbursement for Medi-Cal services," while AB 1807 by liberal Assemblywoman Barbara Friedman (D-North Hollywood) specifically directs the department to "contract with an independent nonprofit professional organization to conduct annual medical audits of each prepaid health plan and primary care case management plan ..."

Unfortunately, neither the DHS plan nor the two bills addresses one of the most cited problems concerning



California's delivery and oversight of health care: the sharing of the responsibility for that delivery and oversight among more than a dozen different state agencies.

"Monitoring quality of care is an activity performed by many DHS programs, as well as other state agencies which have responsibility for licensing and certification and/or consumer protection," DHS's Rodriguez wrote in a July 5, 1994, letter to Senator Diane Watson (D-Los Angeles), chairperson of the Senate Health and Human Services Committee.

For example, the Department of Corporations licenses HMOs, and performs audits to check on the quality of health care being delivered. But DHS is responsible for Medi-Cal managed-care plans, including those administered by HMOs, and it performs its own audits to determine the quality of the care being delivered. The criteria used by the two agencies might, or might not, be the same, keeping the HMO administrations guessing.

As long ago as 1990, the Little Hoover Commission, in a lengthy report on Medi-Cal, recommended moving into managed care and simplifying the oversight program so that "providers can concentrate on medicine rather than [satisfying different] bureaucracies."

Assuring that quality health is available to all Californians is an awesome and formidable responsibility, both Dallek and Rodriguez agree. But, both also agree, it can be done.

"The long-range question is, are Californians getting healthier," Rodriguez said. "We think the answer is 'yes,' for a lot of different reasons — fewer people smoking, more people exercising and eating properly, for example. But we believe the improved availability of quality health care, including the care provided by Medi-Cal under managed care, will also contribute to a healthier California."

"We think the state can do more than it has been doing to make sure that the quality of health care is assured, and we're going to keep monitoring them on that," Dallek said. "The state may never have a perfect Medi-Cal program, but it should always strive to achieve one."

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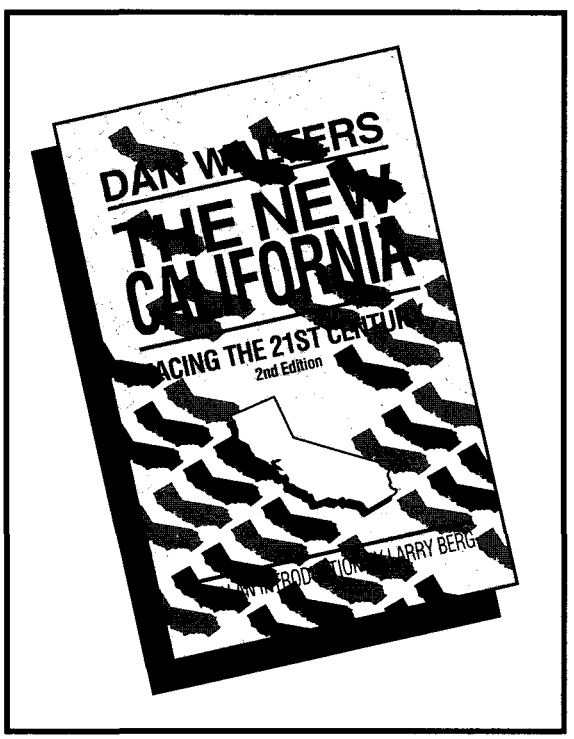

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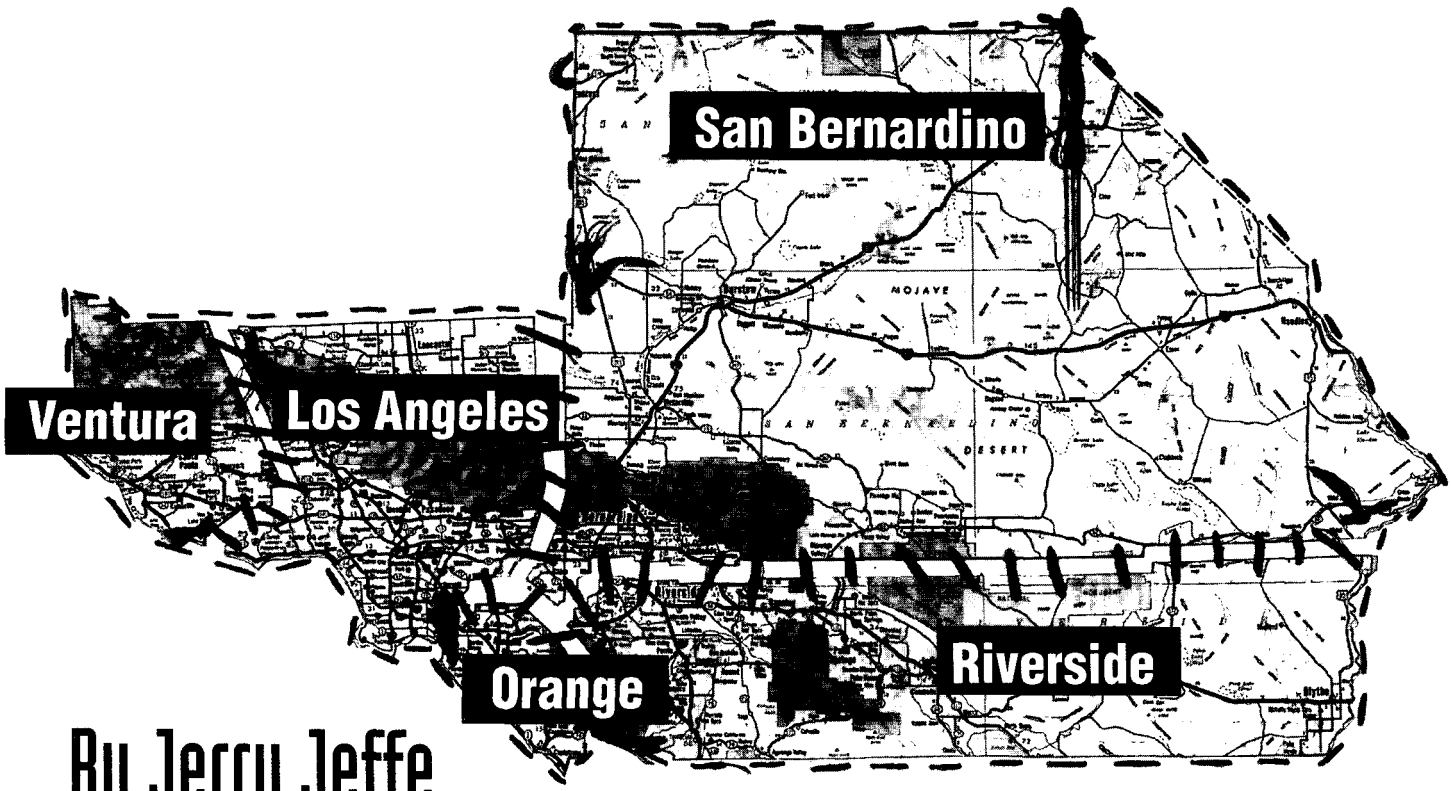

By Jerry Jeffe

Southern California has been in the dumps for the past half dozen years. The litany of ills is well chronicled: floods, droughts, fires, earthquakes, riots, defense spending cutbacks, the Orange County bankruptcy. What else could go wrong? A professional football team leaving town after 49 years? Add to that list a lack of enough high-paying jobs in recent years, a shortage of affordable housing, traffic congestion, smog, crumbling public infrastructure, fear of crime, and illegal immigration, among other problems, and no wonder so many people are pessimistic about the southland's future.

But not everyone shares those views. "I happen to think that this region has worked remarkably well, given the scale and diversity," said Steve PonTell, director of the California office of the Center for the New West, located near the Ontario Airport. PonTell also chairs the Regional Advisory Council, a group that provides private and nonprofit sector input to the elected officials who govern the Southern California Association of Governments (SCAG).

Jerry Jeffe is a newspaper columnist who writes on state and local government affairs.

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PonTell's employer, the Center for the New West, published a report late last year that pointed out that "when the public and key civic players begin to comprehend the region's remarkable economic and cultural diversity that Southern California can fully recover from the recent doldrums and build toward a new period of prosperity."

Regional plans can provide a framework for action, but they should "not tell people what to do."

Work on a plan for recovery and a vision for the region as it moves into the 21st century actually began two years ago by SCAG. Portions of the *Regional Comprehensive Plan and Guide* were approved last year by its governing board with the remaining sections awaiting approval in the next few months. A long-range transportation plan for the region also was adopted in 1994.

The most important statement in the plan, according to the longtime executive director of SCAG, Mark Pisano, is the "judgment, confidence, and vision that this region is going to grow (over the next twenty years)" in terms of population and employment and "that the economy is going to recover." He emphatically asserted that SCAG has a "game plan and a strategy" and the "goals spelled out in the plan will be achieved."

According to Pisano, the plan lays out a broad set of goals for improving the public infrastructure, while taking into account federal and state requirements to improve the environment, especially air quality. The document also provides a framework for action by local governments—cities, counties and regional agencies such as the Air Quality Management District—to help them work together effectively so that their plans will be successful and mutually beneficial.

What Pisano most passionately stresses is that SCAG is encouraging cities and counties in the region to "allow people to get involved and solve problems" at the community level ... and not use coercive force, not use [government] directed force to solve problems." Regional plans can provide a framework for action, but they should "not tell people what to do."

The organization responsible for preparing a blueprint for managing growth, SCAG, is a voluntary association composed of the county governments of Imperial, Los Angeles, Orange, Riverside, San Bernardino and Ventura, along with the 188 cities included in those counties. Now in its 30th year, SCAG — soon to be renamed the Association of Governments of Southern California — serves more than 15 million people in a region that covers more than 38,000 square miles. It is legally mandated by state and federal law to draw up plans for air and water quality, housing needs, strategic growth and transportation.

What can be expected in the next 15 to 20 years, according to SCAG's crystal ball?

- By the year 2015, Southern California's population almost certainly will reach 22 million. This figure is based primarily on the anticipation of new births (70 percent), but also on continuing immigration to the region (30 percent).
- Immigration is expected to be less than at present, when it accounted for more than 40 percent of the growth between 1980 and 1990, but the strength of California's economy, even in its presently weakened state, is such that it serves as a magnet for people with skills and enterprise from all over the world.
- Projections show regional job growth in the 1990-2010 period slowing sharply from that in the previous two decades. To improve the job picture, Southern California must increase its share of employment in industries and service areas that produce higher than average salaries. Likely candidates include the so-called "Four-Ts" — trade, transportation, technology and tourism/entertainment.
- An adequate level and proper mix of public and private investment are the keys to strengthening competitiveness, boosting employment and securing long-term gains in income and living standards if the region is to survive.
- Changing transportation habits of the past with new dramatic changes in travel behavior will enable Southern California to meet its air quality and mobility goals over the next 20 years. If current projects and programs are relied upon, then the level of congestion in this region will increase four-fold over the next 20 years and air quality goals will not be met.
- The number of trips made by solo driver commuters will drop from 72.5 percent in 1990 to 56.9 percent by 2015 if travel behavior changes. Public transit ridership will increase from 13.3 percent from the current 5.6 percent, ridesharing will increase slightly to 18.5 percent from the present 18 percent, telecommuting will rise to 6.3 percent from 2 percent now, and non-motorized transportation will reach 3.5 percent as compared with the current 2.5 percent.
- Despite an improved and more efficient transportation system, the average daily speed for all automobile trips will decrease from 32.5 miles per hour in 1990 to 27.2 miles per hour in 2015. The delay for drivers on the road will worsen by 106 percent in morning peak trips and by 196 percent in daily trips.
- The most innovative strategy in the plan is the reliance on advanced transportation technology — including the use of high-speed rail, alternative fuels, zero-emission vehicles such as electric cars, telecommuting or use of remote work places, smart shuttle transit for specific commuters and intelligent vehicle highway system technology.
- It is estimated that by 2015, no fewer than 400,000 to 500,000 jobs that are not here today will have been created by the development of industries making and supporting new transportation technologies. Traditional highway and transit projects will create between 58,000 and 132,0000 additional jobs per year.
- To pay for this technology as well as to help change the public's transportation habits, reliance will be placed upon market mechanisms or price incentives as opposed to regulations or taxes. For example, people might pay extra fees based on the amount of driving they do or on the amount of emissions their cars produce.
- Southern California will have to add nearly two million housing units to its present stock for the anticipated growth in population. This estimate already accounts for the anticipated increase in persons living in each household. Put in other terms, it is as if the equivalent of two Orange Counties

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is added to an already largely developed region.

• A new focus must be developed to ensure that the needed skills are being provided to new generations of workers so they will also meet the needs of the changing economy. There is also a special recognition that regional prosperity cannot be achieved unless all ethnic, racial and cultural groups participate.

• Environmental concerns will have an increasingly strong impact on the kinds and locations of new growth. Open space needs, including habitat and watershed protection, air quality, water quality and waste management issues will increasingly limit the kinds of development that will be acceptable, particularly if the region is to stay competitive economically.

In preparing this plan, SCAG relied on what Pisano called the "bottom up/top down" approach to planning. In the preparation of the plan, SCAG staff sought input from 13 subregional organizations, which are cities and counties grouped together by geography and common interests. SCAG put aside $4 million to provide subregional organizations to assist them in their work. Just as important, said Pisano, is that governments at the local level will implement the adopted plan, not a planning agency like SCAG.

Not everyone shares SCAG's vision of the 21st century or even its ability to implement the plan. Stella Mendoza, SCAG's president and the mayor pro tem of Brawley, acknowledged that the plan has "prompted much discussion — in some cases, strong opposition."

One of the most vocal critics has been Frank Williams, executive director of the Building Industry Association/ Baldy View Region. Williams, who was recently appointed to SCAG's Regional Advisory Council, said that even though SCAG touts its "bottom up/top down" approach, several chapters of the plan were written by federal and state agencies "without any input from local governments or the industries that are affected."

He also asserted that "a small minority of subregions have created the plan with most local jurisdictions having little or no input." He cited as an example one subregion, the San Bernardino Associated Governments (SANBAG), which has passed several resolutions over the past year expressing concern that SCAG has not responded adequately to its comments about the plan. Public and business input, too, has either been minimal or ignored by SCAG staff, according to Williams.

Also included in the long list of objections to the process and content of the plan by Williams is the contention that SCAG is "overstepping its bounds and going into other areas" that are outside its legal mandates and stated mission. SCAG is wasting staff time and money by including in the plan chapters on subjects where responsibilities rest with other agencies or are outside the statutory authority of SCAG, Williams concluded.

Why is SCAG getting into areas outside it bailiwick? According to a report issued by another plan opponent, the Realtors Committee on the Air Quality Management Plan, SCAG is "looking for a new toehold" to expand its own staff and put control back into local government. The Realtors' report, which represents the 66 boards of Realtors in the South Coast Air Basin, mirrors the concerns of the Building Industry Association, especially in preferring a document that says government ought to be less intrusive in the affairs of business and private citizens.

Contrary to Williams' assertion that input into the plan has been stifled or ignored by SCAG staff, Pisano insisted that "many people have been involved in the development of the process" and numerous public hearings have been held throughout Southern California with ample notice to the public and all interested parties. Chapters written by agencies other than SCAG were done to avoid duplication of effort by SCAG staff. Public hearings, too, were held on those chapters. And he was adamant that SCAG "was not adding another layer of government."

PonTell, who previously served as executive director of the Inland Empire Economic Council and whose office is coincidentally located down the street from Frank Williams, endorsed SCAG's decision to group together "mandated" and "non-mandated" chapters in one place. It was important to "start taking a look at understanding what is the linkage between water quality and transportation and housing and air quality and so on." PonTell commended SCAG for "stepping up to the plate" and putting together the "big picture" since there was "no other organization willing to stand in that void."

Williams' retort to Pisano and PonTell is that although some changes in the process and content of the plan have been made in recent months, he "still doesn't like the plan. SCAG has made something bad, better. It's still a blueprint for more government." Bill Hodge, until recently executive director of the League of California Cities/Orange County Division, commended SCAG for trying to engage subregions in the regional planning process. But he said "it would have been far wiser for SCAG to sort of set off on a shakedown cruise of the new process," whereby SCAG is emphasizing subregions for the first time, rather than "to try and embark on a plan of that complexity with a brand-new process ... [that] was not prudent." Hodge is not alone in his view. The resolutions passed by SANBAG echo his position.

An active member of both the Orange County Division and SCAG, Los Alamitos City Councilman Ron Bates differs with Hodge and Williams. Bates, who said he was skeptical of SCAG before it started to rely on subregions and expand the membership of its governing board but is now "moderately supportive" of the organization, said there are "some good work and ideas" in the plan. "The development of the plan reflects the maturation of SCAG ... it's good public policy."

The former longtime city manager of Pasadena and current president of a major group lobbying on behalf of businesses in downtown Los Angeles, Don McIntyre, has some words of caution for both supporters and opponents of SCAG's plan. In this atmosphere of "less government," SCAG should tread lightly in adopting any document that usurps the authority of local officials to make planning decisions. "The concept of home rule is very strong in California."

On the other hand, McIntyre, who served in municipal government for 30 years, said business and government officials can be too parochial and narrowly focused. "There's too much looking at our problems and not enough looking at the regional problems," he said.

"The bottom line is the region needs an organization like SCAG," said PonTell. "You might as well make SCAG work if you think the regional perspective is important."

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Washington Notes

PERSPECTIVE

By Marc Sandalow

Pete meets the East

To anyone who follows Pete Wilson closely, his liabilities as a presidential candidate are readily apparent. He administered the largest single state tax increase in the nation's history. He is pro-choice in a party that is increasingly influenced by the religious right. He has a history of politically convenient conversions on affirmative action and immigration. He has the speaking skill of Al Gore and the charisma of Michael Dukakis. And he absolutely promised California voters that he would not run for president.

IT IS A BRUTAL LIST THAT LEADS MANY CYNICS in the Golden State to wonder what Wilson is doing besides making himself available for the vice-presidency or a possible bid in 2000.

But the further one journeys from California's rainy climate, the sunnier Wilson's prospects appear. Outside the state, people are not familiar with his stiff speaking style or his sometimes contradictory stances on issues. They are fascinated by his political comeback over Kathleen Brown and by his mastery of the media campaign. They are intrigued by his hybrid of conservative and moderate values. And they are in total awe of the political power of the state he governs. As hard as it is for some to accept in Sacramento, Pete Wilson is widely regarded in Washington as an extraordinarily formidable national candidate.

"Pete Wilson is a very serious candidate. I think he can win," said Congressman Richard Gephardt, the House minority leader from Missouri who has presidential aspirations of his own.

"If he can raise $15 million to $20 million, and I think he can, he is on the playing field with anyone, no doubt about it," opined strategist Eddie Mahe, a veteran of presidential campaigns dating back to Ford and Nixon campaigns.

"Pete Wilson will be the Republican nominee," predicted Arnaud de Borchgrave, the editor-at-large of the *Washington Times*.

Such pronouncements are not atypical on the East Coast, where Wilson's first foray into the primary states of New Hampshire, Massachusetts, New York and New Jersey was met by an expectant horde of pushy journalists, who presented the California governor as a credible contender for the presidency.

There are five main reasons why people take Wilson's candidacy so seriously.

• Any California governor is automatically viewed as a contender. With 30 million residents and 54 electoral votes, analysts recognize the significance of California. With Republicans holding a firm grip on much of the Southern and Rocky Mountain states, there is simply no configuration of electoral votes that could give President Bill Clinton the 272 he needs without capturing California. If Wilson can carry his own state, the theory goes, his presence on the ticket would guarantee a GOP victory.

• Wilson can run as both a conservative and a moderate. Wilson may be the only candidate who is able to run as a conservative during the primaries — when right-wing voters hold a disproportionate power — and then lurch to the middle during the general election. This is seen by most as a winning formula. In this theory Wilson's pro-choice stance helps him. Although the religious right and the ultra-right wing of the party may make it difficult for Wilson to prevail in the primaries, if nominated he would have the best chance of any Republican to attract middle-class "Reagan Democrats," who love his tough stands on crime, welfare, affirmative action and immigration, and share his moderate views on abortion and the environment.

• Money. Wilson can get it. He has always been a great fund-raiser, and his base alone in California should allow him to raise the $15 million to $20 million he needs to keep going. To compete in the California primary next March, candidates will have to save considerable amounts of money from their efforts in New Hampshire, New York and other early primary states. Wilson need not do this. Although his victory in California is anything but certain, Wilson has universal name recognition at home, and would need to spend considerably less than his rivals, freeing up huge sums to be spent in the other states.

• Comeback ability. His victory over Brown is seen as a remarkable political effort. Wilson has the reputation as a fierce campaigner; a dogged competitor who can overcome all odds. Just watch how many pundits write about his uphill quest for the presidency with the line: "It was just one year ago that Pete Wilson's political career had all but been written off."

• Process of elimination. This is the most cynical, yet perhaps most persuasive theory to understand how Wilson can win the nomination. This theory holds that despite the size of the field, there are really very few credible Republican candidates. Bob Dole is the favorite, and unless he falters, Wilson will go nowhere. But there are lots of reasons to believe Dole may fail. He is a 34-year Washington veteran in an era when outsiders are revered. His skills as compromiser and legislator may not translate well into presidential politics. And then there is his tongue. Despite assurances of a kinder, gentler Bob Dole, the media will be watching for any acerbic slip that could confirm Dole's hatchet-man persona.

THE OTHER CANDIDATE AHEAD OF WILSON IS TEXAS U.S. Senator Phil Gramm, whose unabashed conservatism and anti-tax crusading have won him a sizable following. Gramm's downfall is that few believe he can beat Clinton.

Beyond those two, Wilson is clearly the front-runner. Arlen Specter and Lamar Alexander lack even Wilson's charisma. And they do not come close to matching his name recognition, fund-raising ability, or electoral base. Pat Buchanan and Bob Dornan, while far more lively speakers, are not taken seriously. That leaves only one man whom it is hard to picture Wilson overcoming. And Colin Powell is not expected to make an announcement until September.

Marc Sandalow is a Washington correspondent for the San Francisco Chronicle.

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Inspiring Future Scientists

Lydia Cheng watches as Dr. Laurie Gage takes a sample of stomach contents from a dolphin at Marine World Africa USA in Vallejo, California.

Real Science! Draws Teens to Careers

Imagine your kids switching channels to watch a teen reporter petting a pregnant dolphin, hunting dinosaur tracks in Utah or blasting off for Mars via virtual reality.

It could happen, thanks to a new public television program, *Real Science!* Created by KTEH-TV in San Jose, with support from Hitachi, this fast-paced series features teen reporters visiting with scientists to find out what they do, why they enjoy it, and what teenagers can do to prepare themselves for similar careers.

Real Science! was developed to change American teens' attitudes towards the sciences. Statistics reveal a striking drop in interest in science by the time students reach the seventh grade. Equally alarming, American teens rank behind teens in other countries in scientific proficiency.

Hitachi is helping to reverse this trend by donating use of its TV facilities and committing $90,000 to produce and distribute *Real Science!* Four episodes are currently airing on public television and in schools, and 13 more are planned for the fall.

The show's producer, Maura Daly Phinney of San Jose public television station, KTEH, says *Real Science!* has one overriding goal: "We want the program to encourage students to pursue careers in science."

Hosted by California's 1994 Young Woman of the Year, Lydia Cheng, the series appeals to young people ages 8 to 18. Each 30-minute episode includes segments on three different science careers. Viewers accompany teenagers as they visit scientists, who demonstrate and explain their day-to-day work.

Supporting *Real Science!* is just one way Hitachi fulfills its social commitments. "We want to enrich the lives of young people by giving them fuel for their dreams," said Fred Hansen, executive vice president of Hitachi Data Systems. "Society's future rides on the hopes of today's youth, and we owe them an opportunity to create rewarding careers and fulfilling lives."

Maura Daly Phinney, producer of the *Real Science!* series.

Hitachi's outreach efforts include direct funding of projects like *Real Science!*, as well as donations and employee volunteerism for a host of national, regional and community-based projects. These activities benefit education, the arts, the environment, health care and social services.

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